EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,287
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Friday October 26 1990

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Belgium	BFr55	Italy	L2000	Poland	Zl 9,000
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Denmark	DKr12.00	Korea	Won 2000	Qatar	QR9.50
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Germany	DM2.50	Malaysia	M$4.25	Sweden	SKr12
Greece	Dr180	Morocco	MDh8.00	Switz	SFr2.50
Hungary	Ft107	Neth	Fl 3.25	Thailand	Bht60
Iceland	IKr160	Nigeria	Naira12	Tunisia	Din0.800
India	Rs15	Norway	NKr12.00	Turkey	L2000
Indonesia	Rp3100	Oman	OR1	UAE	Dh7.00

PAKISTAN

Bhutto defeat rooted in political weariness

Page 6

World News

Bhutto defeat paves way for Jatoi government

Pakistan's Islamic Democratic Alliance fell just short of a majority of national assembly seats in yesterday's general elections, but will easily be able to form a government with the help of allies.

Final results showed the IDA of Mr Ghulam Mustafa Jatoi, the caretaker prime minister, won 105 of 207 Moslem seats contested in the lower house, with the Pakistan Democratic Alliance, dominated by ousted premier Ms Benazir Bhutto's Pakistan People's Party, winning 45 seats. Page 20

Moldavia tense

Fears of ethnic violence in the Soviet republic of Moldavia escalated as Romanian nationalists set out by bus to stop a Turkic minority from breaking away. Page 2

New era for Nato

Marshal Mikahil Moiseyev, Soviet chief of staff, visited Nato military chiefs to discuss as such areas of instability as the Middle East. Page 2

Lufthansa in Berlin

Lufthansa, German airline, is to begin regular flights to Berlin on Sunday for the first time since the second world war. Page 2

N-dump denied

Pechiney, French state-owned metals group, denied allegations by environmental pressure group Greenpeace that it is negotiating construction of a $3bn nuclear dump in Chubut, Patagonia.

Israel ignores UN

Israel flatly rejected United Nations criticism of its refusal to allow a UN investigation of the killing of Palestinians in Jerusalem on October 8, saying US support for the UN stance played into the hands of Iraq and the Palestine Liberation Organisation. Page 4

US immigration up

US Congressional negotiators have reached agreement on allowing hundreds of thousands more immigrants into the country, particularly those with new job skills. Page 4

Iraq rigs oil wells

Iraq has rigged more than 300 of Kuwait's 1,000 oil wells with explosives as a precaution against an attack, according to a senior engineer working as a supervisor for the Kuwait Oil Company. Page 4

Hard Ecu opposed

Karl Otto Pohl, Bundesbank president, reasserted German central bank opposition to the UK plan for a hard Ecu backed by a European Monetary Fund, saying they could lead to conflicts over monetary policy and contained "not inconsiderable risks." Page 8

Egypt steps up aid

President Hosni Mubarak, back from a four-nation Gulf tour, agreed to strengthen Egypt's forces there with tanks and warplanes, Cairo's state-owned newspapers reported. Soviet shuttle diplomacy, Page 20

German jobless up

Number of east Germans unemployed or on short-time work schemes could soar to 4m, almost half the labour force, by the end of 1991, said Klaus Graehn, president of the Association for the Unemployed in Germany.

Norway split near

Split in Norway's centre-right coalition government over links with the EC widened, increasing speculation it was near to collapse.

Aoun's $75m haul

Lebanese government said it had seized $25m of public money held by toppled General Michel Aoun and two aides, and was looking for a further $50m. Meanwhile Lebanon's three main militias agreed to withdraw from Beirut.

Business Summary

C.Itoh enters European steel with German stake

C.ITOH, large Japanese trading house, and Klöckner-Werke, German steel and engineering company, have unveiled a wide-ranging co-operation pact: the first time a Japanese company has entered the European steel industry. Page 21

ICI, international chemicals group, reported pre-tax profits down 48 per cent to £160m ($320m) in the third quarter. Page 21; Lex, Page 20

ENI, Italian state-owned chemicals and energy concern, had terms for the sale of its 40 per cent stake in Enimont rejected by Raul Gardini, head of Italy's Ferruzzi-Montedison group of companies. Page 20

AMERICAN Airlines, has told Pan Am it would like to offer a higher price than United Airlines' for five routes. Page 21

TOSHIBA, Mitsubishi Electric and Hitachi, Japan's three diversified electrical groups, have all recorded improvements in sales and profits in the six months to September 30. Page 23

URUGUAY ROUND: US asked that the European Community be given a last chance to table a proposal on cuts in farm subsidies to forestall a breakdown in the trade talks. Page 20. Japan has offered to cut import tariffs by 57 per cent. Page 5

RENAULT and Volvo received a discouraging response to their joint offer for a partnership deal with Skoda, Czechoslovak car maker, apparently improving the chances of Volkswagen, the rival suitor. Page 2

BCE, Canadian conglomerate, reported third quarter profit down by about 15 per cent. Page 24

NIPPON Telegraph and Telephone, large Japanese telecoms utility, is intensifying efforts to procure high technology equipment overseas. Page 5

WEST European arms industry could lose up to 500,000 jobs, says the Stockholm International Peace Research Institute. Page 20

DAF, Dutch truck maker, is cutting over 400 jobs and warns it will make a "significant" loss this year. Page 21

ANHEUSER-BUSCH, biggest US brewer, reported a 9.4 per cent increase in profits after tax to $260.7m in the third quarter of 1990. Page 24

NORSK HYDRO, Norway's largest publicly quoted company, announced a 53 per cent rise in third quarter net profits to NKr625m ($106m). Page 22; Lex, Page 20

MNC Financial, US bank holding company, announced large losses and the sale of its credit card subsidiary, underscoring the sharp deterioration of commercial bank loan portfolios in the US. Page 22

XEROX, leading US manufacturer of copying and duplicating equipment reported lower third-quarter earnings with poor results from the company's insurance and financial services businesses. Page 24

SOUTH KOREA will ease credit restrictions and increase policy support for manufacturing industries to attain a real economic growth rate of 7 per cent next year. Page 6

SECURITIES and Investment Board, UK securities regulator, will bring out a draft paper in mid-November on rules that will allow the creation of futures and options funds in the UK. Page 26

MALBAK, industrial arm of South Africa's Gencor group, has reported lower earnings for the year to the end of August. Page 23

JAMAICA's prime minster, Michael Manley, usually associated with a state-driven economy, has set the country on the course of widespread deregulation. Page 4

■No dividend this year ■15% reduction in global workforce ■Forced redundancies possible

Philips to make sweeping cuts

By Ronald van de Krol in Eindhoven

PHILIPS, the troubled Dutch electronics group, yesterday unveiled plans for a sweeping 15 per cent decline in its worldwide workforce and said it planned to omit its dividend this year.

Mr Jan Timmer, president of Philips, said that between 35,000 and 45,000 jobs would be eliminated by December 1991, representing 12 to 15 per cent of the company's 285,700-strong global workforce.

The job cuts will be worldwide and will be made at all levels of the company in a bid to restore its flagging profitability as Europe's largest producer of consumer electronics and the world's biggest manufacturer of light bulbs.

The cuts are the biggest in Philips' 99-year history and they are bound to stir controversy in the company's home base of the Netherlands, and in other European countries, which would make a pay-out to shareholders inappropriate, Mr Timmer said. "In the light of the circumstances, it would not be responsible to pay a dividend," he said.

Speculation that Philips would decide to skip its 1990 dividend has been rife since Mr Timmer announced a major shake-up at Philips in July. For the past few years Philips has paid a dividend of Fl 2 ($1.18) per share.

Trading in Philips shares in Amsterdam and other European capitals was suspended for several hours yesterday morning ahead of the announcement. In late afternoon trading, the shares were barely changed at Fl 20.10 compared with Fl 20.30 on Wednesday.

Mr Timmer said the decision to make large-scale job cuts had been taken after a long internal examination of the company's operation by a group of 100 senior Philips managers.

Noting that Philips has a reputation as a bureaucratic and flabby organisation, he said, "We must put to rest our heroic tales from the past and look at ourselves critically against the light of the competition . . . If ever there was truth in the need to get 'back to basics', then that is certainly true of our way of working."

Mr Timmer, who became president in July after his predecessor Mr Cor van der Klugt lost the confidence of financial markets, declined to give details of the proposed job cuts. Although he did say that they would be global, aimed at raising overall efficiency and productivity, and might involve forced redundancies.

The wide scope of the job cuts, announced at a scheduled press conference on the company's third quarter results, was unexpected.

The job losses follow the elimination of 9,000 jobs, mainly in Europe, within Philips' struggling computer and computer-component divisions.

Mr Timmer said the cost of carrying out the latest round of job cuts, unlike the recent cuts in the computer and components sectors, would be paid out of running costs and would not, on their own, force the company to make further restructuring provisions.

However, he said other forms of rationalisation could ultimately raise 1990 restructuring costs above the previously projected Fl 2.7bn, further depressing full-year net results.

In his maiden speech to shareholders in July, Mr Timmer had said the company could suffer a net loss of Fl 2bn this year as a result of the restructuring charges.

News of the job losses and dividend omission overshadowed Philips' third quarter figures, which showed a decline in operating profit to Fl 522m from Fl 592m a year earlier. After taking a hefty restructuring charge of Fl 2.25bn, Philips posted a net loss of Fl 2.16bn for the quarter, against a profit of Fl 227m a year earlier.

However, overall operating profit, excluding restructuring costs, fell just 12 per cent to Fl 522m in the third quarter, from Fl 592m a year earlier.

Philips' lighting sector – traditionally the strong area in the group's results – suffered a decline in operating profit over the first nine months of 1990, reflecting fierce price competition in Europe and the US.

Of the group's three other product sectors, only consumer electronics posted an improvement in results between January and September.

The professional products sector, which includes computers, swung into an operating loss of Fl 48m from a profit of Fl 114m in the first nine months of 1989.

The components division, hit hard by a business downturn in the US, saw operating profits fall to a slim Fl 14m from Fl 39m.

Institutional investors in Philips seemed less surprised by the omission of the dividend than the additional job cuts. "The package confirms the magnitude of the problems Philips faces. It is well known that the company employs far too many people for its level of output. If it wants to survive, it'll need to get by with fewer people," said one, who asked to remain anonymous.

Background, Page 21; Lex, page 20; World Stock Markets, Page 41

UK government may investigate Polly Peck

By David Barchard, Clay Harris, Raymond Hughes and Simon London in London

Asil Nadir: facing bankruptcy petition from stockbroker

THE BRITISH government is considering an investigation into the affairs of Polly Peck International, the fruit, electronics and leisure group which has sought protection from its creditors with debts exceeding £1.3bn ($2.6bn)

The Department of Trade and Industry also confirmed yesterday that the Serious Fraud Office was investigating "allegations of misconduct" involving Polly Peck.

The announcement followed the High Court appointment of three administrators to oversee the company's affairs.

Mr Justice Morritt acted after being told that Polly Peck directors believed administration was "absolutely vital". The administrators said later they hoped to insure the group's survival either in whole or in part.

Separately, Barclays de Zoete Wedd, the stockbroker, petitioned for a bankruptcy order against Mr Asil Nadir, Polly Peck's chairman, indicating that he owed it £3.6m in respect of payment for purchases of the company's shares. Mr Nadir said he was "not worried" by this petition.

The bankruptcy petition freezes all of Mr Nadir's personal assets, unless he receives an exemption from the court. It comes after his purchases of £35m worth of Polly Peck shares during September, and an admission early in October that a personal liquidity crisis had prevented him from paying for all of these.

By then, banks which held his shares as collateral against loans had already sold 16.5m shares in the market. BZW said yesterday: "We know we're not the only ones in this position." Others are thought to include Carr Kitcat & Aitken and Lehman Brothers International.

Mr Peter Lilley, the British trade and industry secretary, said he wanted to hear at the "earliest possible opportunity" whether the administrators thought there were matters which merited investigation under the Companies Act "bearing in mind the investigations into allegations of misconduct already being undertaken by the Serious Fraud Office".

On September 25, Mr John Redwood, corporate affairs minister, rejected the company's request for a DTI investigation into the collapse of its share price.

The three accountants appointed as administrators are Mr Michael Jordan and Mr Richard Stone of Coopers & Lybrand Deloitte and Mr Christopher Morris of Touche Ross.

They held their first meeting with Mr Nadir yesterday afternoon and planned a further meeting today. Mr Stone described Mr Nadir as being very shocked but said the meeting had been cordial. The administrators had been promised the full co-operation of Mr Nadir and the board.

Mr Stone said the administrators hoped to work with a small consultative committee of bank creditors and shareholders.

Institutional investors welcomed the appointment of administrators and said they would argue against a fire sale" of assets to satisfy creditors' claims. Institutions may also press for a DTI inquiry.

"We have to assess the businesses and form a view as to their assets and then consult banks and institutional shareholders and then come up with a voluntary scheme for reconstruction," Mr Jordan said.

"You can't at this stage rule out something like a rights issue," he added. "Polly Peck's subsidiaries are not loaded with debt so there is more room for manoeuvre."

Continued on Page 20
Editorial Comment, Page 18; Lex, Page 20; Polly Peck collapse, Page 27

Baker may visit Gulf in attempt to revive multinational resolve

By Lionel Barber in Washington

MR JAMES BAKER, US secretary of state, may visit the Gulf next week in a high-profile diplomatic mission aimed at shoring up resolve within the multinational alliance against Iraq.

Amid signs of drift within the US-led coalition and unease in Saudi Arabia over the prospect of war, President George Bush yesterday held talks with Mr Baker about how to recapture the initiative.

The administration is worried that recent diplomatic activity – particularly by the Soviet Union – may have raised false hopes of a face-saving deal for Mr Saddam Hussein, the Iraqi president, and weakened the credibility of the military option against Iraq.

The erosion in Mr Bush's political standing at home as a result of the budget crisis is a further source of concern although US officials say the steep decline in his approval rating has no bearing on the outcome of the Gulf crisis.

Further evidence that the military option was receding came yesterday when Mr Richard Cheney, US defence secretary, announced that the US might send as many as 100,000 more troops to bolster the 220,000 men and women deployed in the Gulf. He declined to put a ceiling on the deployment.

The Pentagon is understood to be pressing for a sizeable increase, to reduce casualties in the event of war. But some officials worry that this could mean several months' delay before the military machine is ready to move from its essentially defensive role in Saudi Arabia to one prepared for offensive action.

Some European diplomats believe that the administration has begun to view the military solution to the crisis as far more complicated than originally thought.

The focus, therefore, should be on economic sanctions to squeeze Mr Saddam – a view shared by some policy-makers who argue that sanctions maintained over the next six months should threaten Iraq's ability to operate as an industrial society.

Mr William Webster, CIA director, raised this prospect in a speech in Washington yesterday. UN sanctions were starting to bite, he said. He said that sanctions had succeeded in cutting 98 per cent of Iraq's oil exports and 95 per cent of its overall imports. The Baghdad regime was being forced to make economic adjustments to feed its people and meet the needs of the military, he said.

If Mr Baker goes ahead with a tour of the Gulf and Europe, his main aim would be stiffen resolve among the allies. The priority would be to reaffirm the need for the total and unconditional withdrawal of Iraqi forces from Kuwait before any territorial grievances might be addressed in future talks with Baghdad.

One US concern is that the second round of shuttle diplomacy begun this week by Mr Yevgeny Primakov, the special Soviet envoy in the Gulf crisis, could muddy the waters.

Iraq 'puts explosives on Kuwait oil wells,' Page 6; Primakov shuttle, Page 20

US budget compromise backed by Bush and Democrats

By Peter Riddell, US Editor, in Washington

A COMPROMISE tax and spending package which could herald the end of the US budget crisis is being backed by the White House and Democratic leaders.

After several days in which the mood has swung between optimism and pessimism, congressional leaders at last believe they have a package which will be approved by both houses.

The breakthrough came as House Democrats dropped their call for a surtax on those earning more than $1m a year and accepted changes in tax deductions which would, in effect, increase taxes on the wealthy.

Mr Bush has made a series of concessions resulting in an overall package which targets the wealthy more than the initial deal rejected by the House.

The final shape of the measures, especially the extent of savings on health provision and spending controls, was still being worked on yesterday. Both the House of Representatives and the Senate are due to vote in the next two days on the agreement, intended to reduce the federal deficit by $500bn over five years.

Early yesterday President George Bush signed stop-gap legislation keeping the government going, for the fourth time this month. The new deadline for final agreement is midnight tomorrow.

While the majority of House Republicans are likely to oppose the package, indications are that there will be sufficient support from House Democrats. Passage is also likely in the Senate.

However, the outcome could still be close because of the worries of some Democrats about the proposed limits on tax deductions, which could affect states with high local taxes.

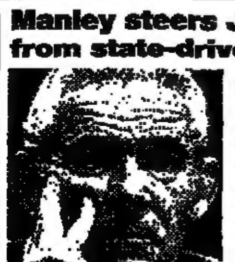
With the November 6 mid-term elections now only 11 days away, both sides have been keen to end the weeks of tortuous negotiations which have eroded Mr Bush's political standing and led to widespread criticism of Congress.

Democrats were happy to compromise on the surtax, believing they can present themselves as defenders of the ordinary American, while Republicans are identified with the interests of the rich.

Shifting tax balance, Page 3
Editorial Comment, Page 18

CONTENTS

Manley steers Jamaica away from state-driven economy



Jamaica's premier Michael Manley (left) has set his country on course for what he calls widespread deregulation. It indicates how much his opinions have changed in the past 10 years.
Page 4

MARKETS

STERLING
New York close
$1.9510 (1.95985)
London:
$1.9535 (1.958)
DM2.9575 (2.95)
FFr9.8975 (9.8725)
SFr2.4950 (2.4825)
Y248.50 (250.5)
£ Index 94.6 (94.6)

GOLD
New York: Comex Dec
$378.3 (376.0)
London:
$375.25 (371.75)

N SEA OIL (Argus)
Brent 15-day Dec
$32.20 (29.35)

Chief price changes yesterday: Page 21

DOLLAR
New York close
DM1.5185 (1.50535)
FFr5.0780 (5.04)
SFr1.2835 (1.2695)
Y128.30 (126.535)
London:
DM1.5135 (1.507)
FFr5.0670 (5.0425)
SFr1.2770 (1.268)
Y127.20 (128.0)
$ index 60.3 (60.5)
Tokyo close: Y127.15

US closing rates
Fed Funds 8% ($7\frac{11}{16}$)
3-mo Treasury Bills:
yield: 7.41% (7.44)
Long Bond:
100 ($99\frac{23}{32}$)
yield: 8.74% (8.77)

STOCK INDICES
FT-SE 100:
2,088.7 (−21.8)
FT Ordinary:
1,617.5 (−21.4)
FT-A All-Share:
1,009.72 (-1.0%)
New York close
DJ Ind. Av.
2,484.16 (-20.05)
S&P Comp
310.15 (−2.43)
Tokyo: Nikkei
25,352.83 (+475.75)

LONDON MONEY
3-month interbank:
close $13\frac{27}{32}$-$13\frac{13}{16}$ (same)
Liffe long gilt future:
Dec $84\frac{5}{32}$ ($84\frac{13}{32}$)

Commission defends its support for IT research

EUROPEAN Community programmes have helped galvanise European information technology (IT) companies into doubling their research and development spending over the past four years and raising their market share, according to a senior community official, writes David Buchan.

Mr Michel Carpentier, director general of the European Commission's IT division, will use a speech in Stockholm today to rebut criticism both *inside and outside Brussels* that the commission is frittering away large amounts of *money* on R&D projects which have failed to make European industry more competitive.

Mr Carpentier claims that community R&D programmes, amounting to Ecu5.7bn (£3.9bn) over the 1990-94 period, "constitute the most efficient policy instrument for the European Commission to promote the competitiveness of European industry".

They are the best way, he *says, of reversing* "the *vicious* spiral whereby IT companies, making inadequate profits *from low margins with inade*quate market shares, can no longer afford the R&D to develop innovative and competitive new products."

Clearly stung by criticism from other EC officials cited in the Financial Times earlier this week, Mr Carpentier says that in the first five years of the Esprit programme, 152 projects contributed to new products or services, 118 to tools and methods used outside Esprit and 43 to international standards.

The Commission is putting Esprit's wares on show in a major exhibition in three weeks time in Brussels.

Yet public questioning of some Community R & D has found a certain high-level echo within the Commission this week, one official admitted.

According to an advance text of his speech today to the Swedish Academy of Engineering Sciences, Mr Carpentier concedes the need for Brussels to make an additional effort to coordinate policies aimed at "more horizontal" goals, to give users, as distinct from producers, more weight in innovation, and to consider "a new distribution of tasks" between the Commission and EC member states. This last issue might be tackled when governments meet shortly to negotiate political and economic union.

There is no question of Brussels trying to keep going all research teams whose national funding has dried up, Mr Carpentier says, pointing out that the Commission only backs one in five proposals submitted. *The Commission*, however, plays no dirigiste role because this "rigorous selection" of projects is based on independent expertise. Brussels leaves intellectual property rights to the companies involved, but obliges them to share the fruits of R & D among themselves.

Shop turn-over

The Czechoslovak parliament yesterday overwhelmingly approved a law to turn over to private hands about 100,000 small shops and enterprises nationalised in 40 years of communism, Reuter reports from Prague.

Czechoslovak PM favours VW proposals for Skoda

By William Dawkins in Paris

RENAULT and Volvo yesterday received a discouraging response to their joint offer for a partnership deal with Skoda, the Czechoslovak car maker, apparently improving the chances of Volkswagen, the rival suitor.

Mr Marian Calfa, the Czechoslovak prime minister, said the German approach was "more shrewd" and showed "that they know our mentality better."

He told La Tribune de l'Expansion, the financial newspaper: "The French arrived late on the scene . . . Secondly, the French started by visiting ministries, while the Germans went to factories. Thirdly, the French came here while the Germans invited our people to Germany. Fourthly, you must understand that these (the Germans) are our neighbours."

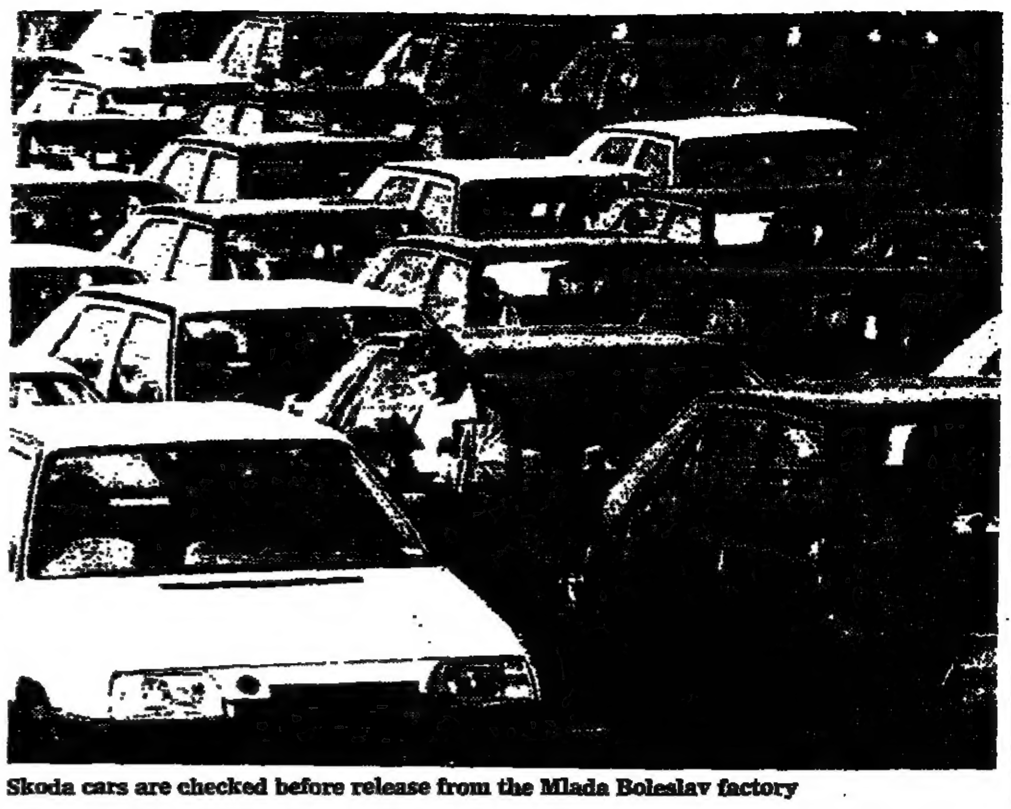
Mr Calfa emphasised at the same time that the *Prague* government and Skoda had not yet made a final decision, due by *mid-November*. The *suitors* are eager to build up an eastern European presence as the European motor *industry* enters a new restructuring phase.

Renault and Volvo are seeking a 40 per cent stake in Skoda and have proposed a *FFr13bn (£1.3bn) investment* plant to modernise and enlarge the Czechoslovak car maker over the *next decade*. Volkswagen has tabled a DM5bn (£1.5bn) plan and is also looking for a large stake in Skoda. Both schemes would lift Skoda's annual capacity from the present 180,000 cars to about 400,000 cars in the second half of the decade.

Renault and Volvo initially had proposed production of a *single small car, said by Mr* Calfa to be out of touch with Czechoslovakia's real needs for *a larger family-sized vehicle*. He made no reference to the content of a second proposal from Renault and Volvo, for production of two cars, a small vehicle and a family range, larger than Skoda's two-year-old Favorit hatchback. Both are entirely new models, which *had been prepared for future* Renault ranges.

Another other new element in the French and Swedish proposal, asked for by the Prague government and presented by Renault in Prague a week ago, is a FFr400m technical training scheme for Czechoslovak engineers.

Renault officials expressed polite bafflement at Mr Calfa's remarks.



Skoda cars are checked before release from the Mlada Boleslav factory

Nato ushers in new era — and Soviet marshal

By David Buchan in Brussels

NATO'S MILITARY chiefs yesterday ushered in a new era with an annual strategy review that included a friendly meeting with their Soviet counterpart and a new focus on such areas of instability as the Middle East.

Marshal Mikahil Moiseyev, the Soviet chief of staff, paid his first visit to Nato headquarters and told the western alliance's military committee that his country had no threatening designs on any country.

However, the committee's Norwegian chairman, General Vigleik *Eide*, said that even after the imminent east-west troop reduction accord, the *Soviet Union's residual forces* would be "by far the dominating military power in Europe".

Therefore, he said, the concern voiced by Marshal Moiseyev yesterday, about Nato enduring beyond the collapse of the Warsaw Pact, left him and the other Nato chiefs of staff on the military committee unmoved.

But Gen Eide hoped that Nato's military contacts with Moscow would proliferate and was confident that Nato, which now faced "a multitude of risks rather than a single identified enemy," would increasingly agree with the Soviet Union on "areas of common interest such as the Gulf".

This made clear that Nato's inherently conservative military is now *following* closely behind their political leaders in rapprochement with Moscow.

Gen Eide echoed *calls* by Nato's international staff, led by its secretary general, Mr *Manfred Wörner, for a redefini*tion of what threats were considered to be in Nato's ambit.

Recalling that Nato leaders had explicitly reconfirmed their guarantee to Turkey against any Iraqi attack, the general said: "We are taking steps to monitor this, because we have the responsibility to respond." But for the moment, he said, there was no indication of an imminent threat to Turkey, Nato's most easterly ally which borders on Iraq.

Lufthansa takes off for Berlin at the weekend

By Leslie Colitt in Berlin

LUFTHANSA, the German airline, will again rule the air routes to Berlin when it begins regular *flights* to the German capital on Sunday for the first time since the Second World War.

With the end of the western allies' monopoly on air links between west Germany and Berlin, Lufthansa will control nearly 60 per cent of the market. British Airways is fighting to hold on to the highly lucrative remaining share which Lufthansa and the German Transport Ministry insist it should relinquish over the next two years.

PanAm, whose inner-German service was recently bought by Lufthansa for $150m, will initially carry out most of the Berlin flights for the German carrier, but by next June Lufthansa will fly all routes with its own aircraft.

Mr Burkhard Kieker, Lufthansa spokesman in Berlin, said yesterday the airline was also considering boosting its 49 per cent share into a majority stake in Air France's Euro-Berlin which serves the city.

The end of allied domination of the air routes to Berlin also brings eight other new airlines to west Berlin's Tegel Airport, including Aeroflot, the Soviet airline, which previously flew only to Schönefeld Airport outside east Berlin and Swissair which resumes service to Berlin interrupted in January 1943.

Mr Horst Wagner, the head of Berlin's transport department, criticised Lufthansa for failing to make use of Schönefeld Airport but was reminded by an official of the state-owned airline that it flew where its customers wanted it to go.

Soviet republic accuses Moscow of stirring up passions of small nationalist minority

Fears of ethnic violence in Moldavia

By Leyla Boulton in Moscow

FEARS of ethnic violence in the Soviet republic of Moldavia increased yesterday as Romanian nationalists set out by bus to stop a Turkic minority from breaking away.

The 150,000-strong Gagauz minority yesterday brought forward elections to formally create a separate republic, ignoring a request by the government of Moldavia, a border territory populated mainly by ethnic Romanians, to postpone the poll.

Ms Natalya Pascal, a spokeswoman for the Moldavian Popular Front, said that volunteer detachments were setting off for the southern Gagauz region to block the elections. But she rejected a Moscow Radio report that Moldavia was on the brink of civil war.

"The volunteers are not armed," she said by telephone from Kishinyov, the Moldavian capital. "I know all this must sound very wild to you in the West but the Gagauz have no historical right to that land." She said the Moldavian parliament, which in June adopted a sovereignty declaration, was meeting in an emergency session to consider how to deal with the crisis.

Meanwhile, thousands of demonstrators in Komrat, the Gagauz capital, vowed to fight any attempt to stop the election. "The situation is very complicated and everything points to bloodshed," said Mr Pyotr Buzadzhi, a member of the council running the self-proclaimed Gagauz republic, set up in August. The Gagauz *crisis is similar to* other attempts by small minorities to claim sovereignty as the republics they belong to seek greater freedom.

Ms Pascal accused the Kremlin of helping to stir up Gagauz passions to thwart Moldavia's own bid for sovereignty.

● In Moscow, the Russian parliament convened a special conference of the republic's super-parliament on November 24 to consider a new constitution as well as economic and social reforms.

Albanian writer seeks asylum

By Laura Silber in Tirana

ALBANIA'S best known writer, Mr Ismail Kadare, yesterday asked for political asylum in France in a move which cast a shadow over the authorities' commitment to reform and human rights.

Speaking from Paris, Mr Kadare, 54, said he was "convinced that the communist leadership has no intention of emulating the political reforms of eastern Europe. I have expressed very clearly the need for a rapid, profound and complete democratisation of the country."

Mr Kadare, who was a vice-chairman of the Democratic Front, the country's largest communist-backed political organisation, published an article last summer in which he accused the leadership of "drawing up lists for the per*secution of intellectuals*".

An Albanian intellectual in Tirana applauded Mr Kadare's decision to defect. "Albania's most important writer was in great danger in Tirana," he said.

A member of the Foreign Ministry said he feared that Mr Kadare's decision to seek asylum "left the country's intellectuals with no option, except to escape".

But Mr Ymer Minxhosi, the head of Albania's union of journalists, insisted that "Albania is a free country. I don't understand Mr Kadare's decision."

Although Albania has adopted some reforms, the orthodox communist regime *insists that the ruling Party of* Labour will remain the only legal political institution.

At the closing session of the Balkan foreign ministers' meeting, the Albanian authorities yesterday adopted a document which includes guarantees of human rights enshrined in the Helsinki Final Act upon which the Conference on Security and Co-operation (CSCE) is based.

Mr Antonis Samaras, the Greek foreign minister, said that if Albania wanted to join the CSCE "*we need some tan*gible proof that they are indeed walking this path (of reform)."

Albanian intellectuals remain sceptical about change. Some say that the reforms are merely cosmetic and designed to attract western aid.

Divided Georgians go to polls agreeing only on independence

MULTIPARTY *elections* in the Soviet republic of Georgia on Sunday are expected to finish off a communist monopoly on power and pave the way for a gradual break with Moscow 70 years after its annexation by the Bolsheviks.

All 35 parties in the election, ranging from the Greens to the communists, say they want to resuscitate a free Georgia.

The three-million strong nation with deep Christian roots is desperately proud of its culture and tradition of independence. A short-lived social democratic government was overthrown by the Red Army in 1921.

But how soon Georgia leaves the Soviet Union, assuming it can set its own pace, will depend on two factors. The first *is how far dozens of squabbling* parties manage to work together – "everybody is trying *to pull the blanket towards* themselves but the blanket is very small", as one political commentator described the rivalries. The other is how quickly a viable Georgian economy is able to rise from the ruins of the Soviet administrative-command system.

Eleven electoral blocs – most of them alliances of parties – will be presenting lists for 280 seats in a previously all-communist parliament. Several other parties are boycotting the elections, and have formed their own national congress. They say the election on Sunday will simply preserve Soviet *domination*.

When Soviet troops armed with sharpened spades and *toxic gas killed 20 nationalist* demonstrators in Tbilisi in April last year, the authority of the ruling communist party was all but destroyed.

Recently, the party was forced by public pressure to take down a statue of Lenin in the Georgian capital's main square and another in front of their own headquarters. Demonstrators who occupied a key railway line this summer forced the communist parliament to speed up legislation for multi-party elections.

But in a sign that *voters may* be tiring of mud-slinging between opposition groups, the *communist party has been proj*ected by one local survey to win as much as 30 per cent of the vote – more than any other single group.

While such an outcome would not in itself represent a victory for the communists, it would mean that opposition parties would have to unite to keep the upper hand in a coalition government.

The communist party, from its arrogantly luxurious central committee headquarters in Tbilisi, is working hard to project a new image.

Mr Givi Talakvadze, the local party's smooth chief of ideology, says for instance that Georgia will not in the foreseeable future sign a union treaty – President Mikhail Gorbachev's proposal to bind the 15 Soviet republics into a confederation of sovereign states.

First multi-party elections since annexation 70 years ago are set to pave the way to break with Moscow, writes **Leyla Boulton**

When asked why the communist leadership has taken part in consultations for the treaty, Mr Talakvadze says Georgia was merely observing.

Mr Talakvadze also talks of the need for radical reforms to defend Georgian interests.

For Mr Zviad Gamsakhurdia, probably Georgia's most popular nationalist leader, the communist party's change of heart is just a sham.

"The communists want to create the illusion that they are *the only party who can guaran*tee order so they have set up crazy parties and terrorist *gangs*," he said *in an interview* on his way to a provincial rally called by his radical Round Table bloc.

At the rally in the little town of Caspi, a bearded Orthodox priest tells voters not to vote communist. "We were slaves for 70 years but now Christ will save us from the Satan who came from Moscow," he says to loud applause.

A woman starts shouting that the Round *Table* is doing nothing about her personal problems. The meeting looks as *if it is about to disintegrate into* chaos as other by-standers start shouting. "You see, this is a *provocation of communists*. They send people here to cause a quarrel," says Mr Gamsakhurdia, as his supporters struggle to restore calm.

Another problem looming is claims by some of the *ethnic* minorities who make up 30 per cent of the republic's population. Mr Gamsakhurdia, and even arch-rivals such as Professor Nodar Notadze, the respected chairman of the centrist Popular Front, believe recent trouble in the autonomous regions of Ossetia and Abhazia is being stirred up by the Kremlin.

The toughest challenge will be to dismantle traditional economic ties with the Soviet Union. This is why most nationalist leaders say there must be an unspecified transition period to independence.

Professor Notadze says quite simply that it will depend on how long it takes for the Soviet *economy to disintegrate*.

Mr Demuri Dvalishvili, the Georgian finance minister, says *key legislation for a market* economy, will be put to parliament after the elections, including provisions for private property and full protection of foreign investment.

Even this career communist, who supports signing a limited union treaty with Moscow, is adamant that Georgia should have its own currency and manage its own economy.

At present every Georgian joint venture with a foreign company must be registered in Moscow. Even places at the republic's famed resorts are mainly distributed by Moscow authorities. And in an economy where raw materials and goods are still in theory distributed by central planners, the Kutaisi car works receives *100 different* inputs from all over the Soviet Union.

Endemic corruption – which according to the minister extends "from government circles to lower down, especially the spheres of production" – will be another obstacle to reform.

With only four international telephone lines available to them, many Georgians touchingly see their salvation in renewing economic and political links with the west after 70-years of Soviet-imposed isolation.

Mr Roland Djalagania, a new-style *entrepreneur* who carries a crocodile leather briefcase, has already set up an unofficial *Euro-Georgian Development* Agency to attract western investment. "When I went to England I had to explain from scratch who the Georgians were," he said.

Little respite in Gorbachev's Spanish stopover

By Peter Bruce in Madrid

ANY HOPES entertained by President Mikhail Gorbachev that Spain might help ease the Soviet Union's crippling economic burden in Cuba are likely to be dispelled in Madrid this weekend.

The Soviet leader begins a two-day visit to Spain this evening before travelling on to France on Sunday. Although the Spanish have been eagerly anticipating the visit for some time, it is unlikely to yield many concrete results. Senior government officials in Madrid are playing down speculation that Mr Felipe González, the prime minister, might offer to look for ways to ease Cuban dependence on Soviet economic assistance.

That would imply easing tensions between Havana and Washington, with Cuba making sufficient domestic political changes to permit the US to begin trading with it again. But Spanish officials say the Cubans would never allow Madrid, as a distrusted former colonial power, to play such a bridging role. Mr González believes the only way to encourage political change in Cuba is by drawing it into broader alliances between South American democracies.

Nor does Mr González believe that the lessons of Spain's successful transition from dictatorship to democracy can be applied to the Soviet Union or any of its former east European allies. General Franco left behind a functioning market economy when he died in 1975.

Although Spain may offer the Soviet Union credits totalling some $1bn – much of this is already on offer – the prime minister believes Mr Gorbachev is wrong to base perestroika on the communist revolution of 1917. Spain, he tells visitors, only functions because the break with totalitarianism after 1975 was clean.

Aside from the tough messages, the Spanish have been desperately trying to organise an interesting programme from Mr Gorbachev. Political wives are reportedly scrambling to entertain Mrs Raisa Gorbachev and two Madrid universities are awarding him honorary doctorates. They were still arguing yesterday over where to hold the joint ceremony.

In Barcelona, which the Gorbachevs visit on Sunday, a protocol nightmare has been solved by appointing Crown Prince Felipe as the official host, thus avoiding damage to the sensitivities of either the city's socialist mayor or Catalonia's conservative premier.

Shell opens court appeal over costs of clean-up

By Richard Lapper in London

SHELL, the petroleum group, yesterday appealed in the Netherlands' highest court in The Hague, against a provisional lower court verdict ordering it to meet the multi-million dollar costs of cleaning up a polluted site at Gouderak near Rotterdam. Shell manufactured the pesticide, drin, at the site.

If Shell loses its appeal, the Dutch environment ministry says it could have to pay Fl 110m ($64.7m): this would represent one of Europe's highest awards against a company for environmental damage.

The court could take up to six months to issue a verdict.

Shell is by far the biggest of 140 companies being prosecuted by the Dutch government under a 1983 law, the Interimwet Bodemsanering, obliging companies to pay for pollution. Akzo, the Dutch chemical company, is also named in one of the suits. Many of companies named are in chemicals or related sectors.

The environment ministry says the government may eventually take action against up to 300 companies although it regards the Shell case, which involves the biggest clean-up, as pivotal. The Shell case is demonstrates the way the cost of European environmental risks is rising, as legal regimes gradually become tighter.

In the US, where a strict liability regime has been in force for more than 10 years, the cost of federally ordered clean-ups is expected to exceed $100bn.

Several companies, including Shell, have been locked in litigation with their insurers about who should pay.

In Europe, the EC is expected later this year to draft a paper outlining a strict liability regime (in which polluters can be found liable without negligence being proved) for civil pollution.

Hungarians queue to beat petrol rise

Hungarian drivers lined up outside petrol stations across the country yesterday to beat a large price increase planned for midnight last night, writes Nicholas Denton in Budapest.

The rush began when the government failed to deny a press report in the Wednesday issue of Magyar Hirlap, an authoritative daily, that petrol prices would rise by 60 per cent to 56-62 forints (about 50p) per litre.

Yesterday the government confirmed the increase, which will boost inflation beyond the current 27 per cent towards 40-50 per cent in the first quarter of 1991.

British Gas fears for east German stake

British Gas fears that political pressure will prevent it obtaining the 20-35 per cent stake it wants in the east German gas company Verbundnetz Gas, writes David Goodhart in Bonn.

Mr Peter Lehmann, head of new business at the company, told a news conference in Berlin: "We're worried that west German companies will get all the shareholdings."

Two west German companies already have significant stakes: Ruhrgas has 35 per cent, and BEB Erdo(e)l 10 per cent. But these stakes were agreed before the present team of internationally-minded west German businessmen took control of the Treuhand, the body in charge of privatising east German industry.

British Gas, which wants to invest up to DM1bn over the next five years, believes the decision of the Treuhand, expected over the next few days, will be a test case for just how open east Germany is to foreign companies. However the British company has competition from other non-German companies.

It is investing DM250,000 in converting cast-iron gas pipes in Berlin and Leipzig.

The Financial Times (Europe) Ltd
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1; Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1990.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: B. Hughes, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Sir Geoffrey Owen. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

US budget plan shifts tax in progressive direction

Peter Riddell on congressional estimates that show changes in burden along lines sought by Democrats

THE latest US budget plan has *shifted the balance* of tax changes in a more progressive direction, as congressional Democrats have been pressing.

While final details were still being worked on yesterday, preliminary estimates by the staff of the joint committee on taxation show how the impact has changed since the original "budget summit" plan, which was rejected by the House of Representatives three weeks ago.

The accompanying table shows changes in the burden both of federal income and indirect taxes for differing income groups. There has been a clear shift in a progressive direction, both at the bottom and top ends of the income *scale.*

The shift reflects both changes in income taxes – now focused on the better-off – and a scaling back of increases in indirect taxes, especially on petrol, which have a larger relative impact on lower income groups.

Overall, the share of the total federal tax burden paid by those earning more than $200,000 a year will rise from 15.4 to 16.1 per cent.

In detail, the latest plan envisages:

● Levelling out the "bubble" in the tax code by raising the top marginal rate from 28 to 31 per cent for those earning more than $185,000 a year (the exact threshold depends on whether filings are joint or single) and cutting the rate from 33 to 31 per cent for those earning between $78,000 and $185,000.

● Phasing out the personal exemption worth $2,050 per individual on a graduated basis (starting at $100,000 and ending at $225,000 for single filers and from $150,000 to $275,000 for couples). For a family over the threshold, each dependant or child would therefore equal an increase of 0.5 percentage *points in the top tax* rate.

● Three per cent of deductions from tax would be disallowed above $100,000, indexed for inflation, for single filers and $150,000 for couples. But this limit would disappear after five years.

● The net effect would be to *establish* a marginal tax rate of nearly 32 per cent for families of four earning between $100,000 and $150,000, of 34 per cent between $150,000 and $225,000, and of 32 per cent for those above that level. So in effect a new bubble in the tax system would be created.

● Both the corporate and individual alternative minimum tax rates will be increased *– from 20 to 22 per cent and* from 21 to 25 per cent respectively. These limit the scope for reducing tax liabilities.

As a minor concession to the White House, the top capital gains tax rate will be set at 28 per cent, rather than at the top marginal rate of income, as has applied since the 1986 tax reforms. This only benefits those now paying a 33 per cent rate.

The main other tax change from the original package is that the increase in the federal petrol tax would be only 5 cents to 14 cents, instead of a 12-cent rise, as originally proposed. However, unlike the original plan, heating oil tax would be left unchanged.

The overall effect is to broaden the base of US consumption taxes and to move away, to a limited extent, from the principles of the 1986 tax reform act which sought to simplify the tax code by reducing the number of rates and scope for loopholes.

US BUDGET PROPOSALS: PERSONAL TAXATION: % CHANGE FOR EACH INCOME GROUP

Annual gross income levels	Original Plan	Senate Plan	House Plan	Latest Plan
Less than $10,000	+7.6	0	−1.3	−2.1
$30,000 to $40,000	+2.9	+2.8	+1.0	+2.0
$75,000 to $100,000	+2.1	+2.5	+1.5	+2.1
$200,000 plus	+1.7	+3.7	+7.4	+6.4

Source: Joint Committee on Taxation of US Congress and Financial Times

Concern over US economy fails to depress car sales

US CAR sales in mid-October rose 15.1 per cent, confounding expectations that the auto market would weaken as a result of uncertainties in the economy and rising oil prices, Reuter reports from Detroit.

The increase in sales reflected, for the most part, an exceptionally weak period last year. *However, analysts said* the period between October 11 and 20 saw an annual selling rate in line with the industry's average for the year so far – indicating that the Gulf crisis has had virtually no effect on vehicle purchases.

Mr Michael Luckey, analyst with the Luckey Consulting Group, said: "These selling rates are showing that nothing has changed, despite the Mideast crisis, the federal budget and other problems."

The annual selling rate for the mid-October period was a relatively robust 7.1m units, compared to last year's 6.1m units, Mr Luckey said.

He added the selling rate had been running at about 7m cars on a year-to-date basis through September.

Mid-October US car sales were about 182,912, against 158,863 in the comparable period in 1989.

Virtually all the US-based producers had a buoyant period. The big three US carmakers, in particular, performed well in mid-October, considering the mixed results of the past year.

General Motors led the three with a sales increase of 15.1 per cent, followed by Ford, whose car sales rose 9.3 per cent. Chrysler's sales for the period were up 5.6 per cent.

Mazda led the Japanese companies assembling vehicles in the US with car sales up 178.5 per cent in the period.

Toyota Motor's sales gained 47.3 per cent and Honda Motor rose 44.1 per cent. Nissan Motor's sales climbed 7 per cent while Mitsubishi Motors fell 6.6 per cent.

Overall, US light truck sales for mid-October rose 3.2 per cent to 97,649, from 94,543 in the same period a year ago.

Analysts said the ongoing strength of the market was hard to explain, but several forces could be responsible. Consumers might be replacing older cars, and rising oil prices might be forcing people into more fuel-efficient cars and out of trucks.

"There are a lot of people out there looking to replace their four-, five-, and six-year-old cars," said Mr Luckey.

The theory about the shifting mix from trucks to cars has been supported to a degree by sales statistics, which show truck sales declining after months of strong growth.

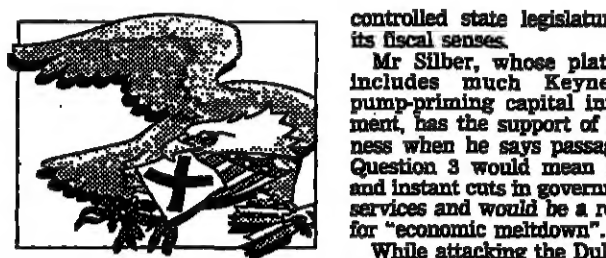
US truck sales were off 3.9 per cent year-to-date, to 3,295,037 from 3,414,700 last year. Car sales year-to-date stood at 5,679,550, off 4.7 per cent from 5,938,724 a year ago. Analysts also speculate that the marginal buyer has been driven from the car market, leaving consumers who are less sensitive to the oil prices or the vagaries of the economy.

Mr David Healy, analyst with Barclays de Zoete Wedd in New York, said a man who had his heart set on a $16,000 car was not going to be influenced by a relatively small move in the price of petrol.

Despite the welcome surprise of the latest period, analysts remain sceptical about the auto market's ability to continue dodging a host of economic ills.

Silber shockers hit home among disenchanted voters

Martin Dickson on the blunt-speaking Democrat seeking to be governor of Massachusetts



US MID-TERM ELECTIONS

MR John Silber is that rare being, a politician who says exactly what he thinks. He is blunt to the point of rudeness; his voice often quivers with anger or contempt; and over the past few months he has made so many contentious policy statements that a phrase has been coined to describe them – Silber shockers.

The 64-year-old president of Boston University and would-be governor of Massachusetts is unorthodox in other ways too. He is running on a Democrat ticket in one of the most liberal-leaning states of the union, yet in the past he has voted for that arch-Republican, Mr Ronald Reagan.

His diagnosis of America's ills – delivered with the high moral certainty of a puritan preacher – is distinctly conservative and far from comforting.

US society is seriously sick, he says. It is ravaged by a drugs epidemic; its schools turn out millions of functionally illiterate graduates; the family is breaking down as a social unit; and television is teaching children "nihilism sweetened with hedonism" – instant gratification from food, sex and images of violence.

In normal times all this might seem like a sure-fire recipe for political oblivion, but in Massachusetts the times are far from normal.

That fact was brought home to the political establishment last month when Mr Silber, an outsider running for office for the first time, achieved an upset by winning the Democrat primary against a safe party insider, the *dull but* worthy Mr Francis Bellotti.

Texas-born and an academic philosopher by training, Mr Silber won because his independence of mind, refusal to fudge issues, and contempt for the *state's ruling* Democrat establishment mirrors a deep disillusionment among voters. They, rightly or wrongly, feel betrayed by the outgoing Democrat governor, Mr Michael Dukakis, over economic matters.

During the 1980s the state recorded a remarkable spurt of economic growth – the so-called Massachusetts miracle. Mr Dukakis, the dominant force in state politics for the past 15 years, claimed much of the credit when he ran unsuccessfully for the US presidency two years ago.

But now the miracle is no more. New England, of which Massachusetts forms the heart, is in recession and unemployment and taxes are rising as property prices slump.

Massachusetts is, nevertheless, an overwhelmingly Democrat state. It is the home base of the Kennedy family and, having cleverly distanced himself from the establishment, Mr Silber must be the frontrunner in the race for governor.

Yet the angry mood of the electorate and the particular nature of the two candidates, neither of whom conforms to party stereotypes, mean that voting patterns in 1990 are unusually unpredictable. The Republicans could snatch their first gubernatorial victory here in two decades.

Their candidate is Mr William Weld, a lawyer in his mid-40s, who represents the rebirth of a near-defunct political animal, the so-called Boston Brahmin – someone born into old New England money yet with liberal leanings. Previous incarnations include Republican moderates such as Mr Henry Cabot Lodge and Mr Elliott Richardson.

Mr Weld is a tall, red-haired man with obligatory degrees from Harvard. He has an amiable, if slightly wooden, manner, five photogenic children and a wife who is a great granddaughter of President Theodore Roosevelt.

He is a lawyer who served in the early 1980s as US attorney for Massachusetts, where he gained a reputation as a tough prosecutor, notably in the fields of white-collar crime and the environment.

On the campaign's biggest issue – the economy – the two are true to their party colours.

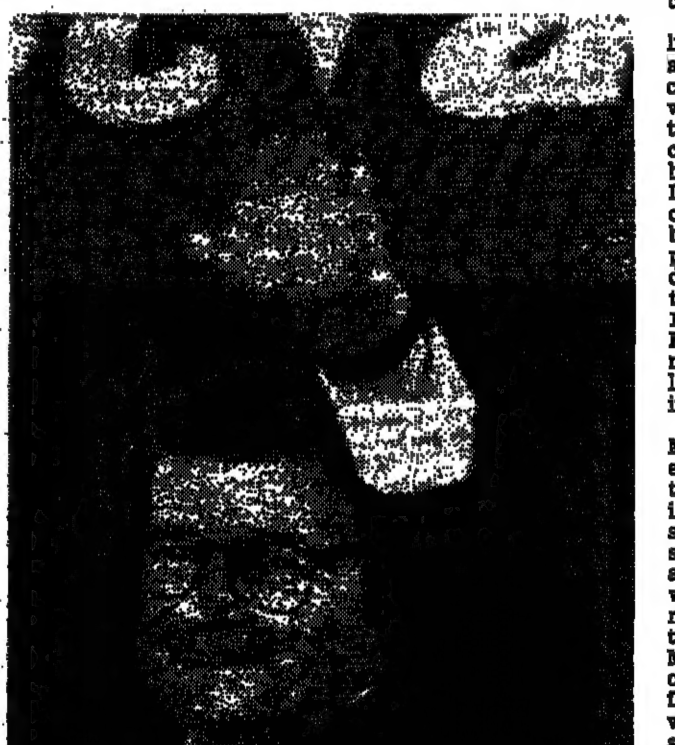
The *laissez-faire* Mr Weld supports a controversial referendum initiative on the November 6 ballot paper – so-called Question 3 – which would roll back taxes to their 1988 level. He argues that only this will bring the Democrat-controlled state legislature to its fiscal senses.

Mr Silber, whose platform includes much Keynesian pump-priming capital investment, has the support of business when he says passage of Question 3 would mean huge and instant cuts in government services and *would* be a recipe for "economic meltdown".

While attacking the Dukakis administration's economic record, and promising to cut out wasteful spending, he says this will take time. He will achieve the aims of Question 3, but over three to four years.

To support this contention, Mr Silber points proudly to his record at Boston University, which was a financial black hole when he became president in 1970 and is now a highly respected academic institution. As he told Mr Weld in a recent televised debate: "I have the management, executive and fiscal experience so singularly lacking in your career."

Mr Silber's credentials as a social reformer have also been burnished by a unique and nationally renowned programme under which Boston University has taken over the running of schools in Chelsea, one of the city's most deprived districts.



John Silber: has support of business

His "tell it like it is" style and social concern go down well among traditional, conservative blue-collar Democrats, once the backbone of the party, who drifted away in the 1970s and 1980s as Mr Dukakis wooed more affluent liberal voters in the suburbs.

By contrast, Mr Weld's liberal views and tax-cutting policies have some appeal to suburbanites and others who are worried about certain aspects of Mr Silber's character; the flipside of which is a stern, schoolmasterly intensity, a certainty in the correctness of his views, and a reputation for arrogance.

Mr Weld, capitalising on this, has dubbed him "Doctor know it all".

Mr Silber's stewardship of Boston University has not been all plain sailing. In 1976 he suffered a staff mutiny, which was only quelled when the institution's trustees backed him. Supporters say he is dedicated and charming, and uses confrontation as a means of reaching the truth. Enemies describe him as intolerant of dissent, and vindictive.

So, to a large extent, the election is likely to turn on whether voters think he is temperamentally suited to be governor.

"People are wondering honestly whether they would unleash too much if they were to unleash him," says Mr Martin Linsky of Harvard University's Kennedy School of Government. "Do they want to see him on their TV screens every night for the next four years?"

Menem pledges Argentine grain to Soviet Union

PRESIDENT Carlos Menem of Argentina said yesterday he would be sending his foreign minister to Germany soon to negotiate credits for Argentine grain deliveries to the Soviet Union, Reuter reports from Moscow.

After two hours of talks with Soviet President Mikhail Gorbachev, Mr Menem said that Argentina and the Soviet Union could help each other overcome their economic problems.

"We have some factors in common, though we are not in a state of chaos like the Soviet Union," he said.

"We are going to conclude an agreement with German banks on credits so that German banks can help us supply grain and fodder to the Soviet Union."

He did not say how much Argentine grain Moscow wanted.

Pechiney denies nuclear waste dump negotiations

By John Barham in Buenos Aires

PECHINEY, the French state-owned metals group, yesterday denied allegations by Greenpeace, the environmental pressure group, that it is negotiating construction of a nuclear waste dump in Patagonia. A company spokesman said: "We have had no contacts with the Argentine government about this."

Greenpeace said on Wednesday that Pechiney was planning a $3bn nuclear dump in the Patagonian province of Chubut.

According to Greenpeace, President Carlos Menem met Pechiney directors twice to discuss building a dump. Greenpeace said Pechiney had estimated that the site would cost $3bn to build and would yield a $27bn profit during its 10 year life. The profit would be split equally between Argentina and Pechiney. Greenpeace said Pechiney planned to build the site in association with an Argentine construction company.

Mr Manuel Mondino, head of Argentina's nuclear energy commission, speaking from Moscow, said: "We do not need this dump until well into the 21st century, so there is no possibility of doing anything now."

● Argentina's trade surplus rose to $723m in August, bringing the surplus in the first eight months to $5.854bn, more than the annual average of the past five years. The improving trade figures are because of a deepening domestic recession, which has forced companies to export more and to reduce imports. Exports in August were $1bn and imports were $277m.

Savings and loan rescue plans announced

THE US government plans to spend $62.2bn (£31.5bn) on bailing out the country's savings and loans industry in the six months from October 1 1990, the Oversight Board said, Reuter reports from Washington.

The board, which is the policy-making arm of the thrift rescue agency, the Resolution Trust Corp (RTC), said that of the total, $23.3bn would be used to bail out thrifts, while $38.9bn would be working capital, which the RTC must repay.

The plan is dependent on action by Congress to approve funding.

The action will allow the RTC to sell or liquidate about 192 insolvent thrifts during the six months, bringing the total number of S&Ls sold or liquidated since the RTC started operating on August 9 1989 to about 479.

Of the $23.3bn in loss funds, $11.3bn would be new money provided by the Treasury, while $12bn would come from the sale of Resolution Funding Corp (Refcorp) bonds. Refcorp auctioned 5bn of these on October 11.

Oversight Board officials said the plan could go ahead if Congress provided the necessary loss funds and agreed to ease the RTC's current borrowing constraints.

AMERICAN NEWS

Manley moves to deregulated state

Canute James on Jamaica's shift away from a state-driven economy

MR MICHAEL Manley, the prime minister of Jamaica most usually associated with a belief in the state-driven economy, has set the country on the course of what he calls widespread deregulation.Just over a decade ago. Mr Manley's administration had been committed to a policy of state control of the "commanding heights" of the Jamaican economy.

"We are making a radical change in direction," said Mr Manley. "This will, among other things, involve the free play of market forces in the determination of prices. This is the only way that we will begin to ensure, in the long run, efficient use of our resources. The state is not ideally suited to create additional production through direct involvement in productive activity."

The new direction indicates the degree to which Mr Manley's opinions have changed in the past 10 years. However, the promised deregulation is also intended to meet International Monetary Fund conditions for the negotiation of a credit facility.

Current efforts at deregulation are more fundamental than those undertaken by the previous government of Mr Edward Seaga, a conservative who took office on a pro-business platform.

Mr Seaga dismantled an unwieldly system of import controls through licensing, brought some order to the tariff system and started the divestment of some state enterprises.

The most dramatic of Mr Manley's moves so far has been the floating of the Jamaican dollar.

The currency's parity had been fixed by the government but was subject to frequent devaluations, falling by a cumulative 70 per cent under Mr Seaga's administration in the 1980s. It has fallen by a further 21 per cent since Mr Manley took office 20 months ago.

Michael Manley, the prime minister (left), has taken deregulation further than Edward Seaga, his predecessor

Since the floating of the currency a month ago, with the rate being determined through an average of those used by commercial banks, the local dollar has depreciated by a further 12.5 per cent against its US counterpart.

Despite the significance that the government has attached to the move, the exchange rate is still subject to some rather crude government intervention.

The central bank is buying 25 per cent of the hard currency flowing into commercial banks, using a rate determined by the weighted average. Any bank which buys at a rate far exceeding this figure will therefore incur losses.

The economy is still prey to demand management policies, with money being scarce and expensive. Credit ceilings and controls on wage increases have helped reduce the volume of local currency which could drive down the value of the Jamaican dollar.

This, plus the inflation rate – which is expected to be about 20 per cent this year – has meant that there has been no reduction in interest rates following the government's earlier decision to deregulate the minimum rate.

The government had previously given up setting petrol prices, leaving this to the marketing companies. But it increased its tax take from the industry and this, with higher oil prices, has led to an increase in the cost of petrol.

The price of petroleum products to the marketing companies is set by the island's oil refinery, which is owned by the government.

There are clear political advantages for the government in its new policy. Currency devaluations and petrol price increases are unpopular, but now it is the market, not the government, which is to blame.

The new direction in economic policy has been welcomed by the island's business community which has suggested that the pace of deregulation should be increased.

But Mr Seaga, now the opposition leader, has been critical, calling the deregulation of the economy an "abdication of responsibilities".

"Government is not running the economy, the economy is running the government," he said. "It is not the system which is used, but the shortage of foreign exchange which determines the exchange rate. If foreign exchange is short, the currency will be devalued."

Behind the arguments, however, is clear concern within the administration that previous policies have failed to pull the economy out of its quagmire. With a foreign debt of $4.5bn – at a per capita level higher than Latin America's larger debtors – the economy is strapped for foreign currency to meet its obligations.

Structural adjustment programmes implemented by Mr Seaga were unpopular and are widely held to have contributed to his heavy defeat in the last general election.

Central bank officials said the economy is likely to grow by about 3 per cent this year, against 4.5 per cent last year, aided by expansion in key sectors such as bauxite, tourism, sugar and bananas. The merchandise deficit of $280.5m in the first seven months of this year was $171m less than that of the corresponding period last year.

But successive governments have not found the money to rebuild social services such as health and education and make any significant, long-term, impact on unemployment. The fall in the value of the currency and the increased cost of oil has led to a round of price rises which will severely affect the poor among Jamaica's 2.3m population.

Government officials have promised a further freeing of exchange controls, credit and wage restrictions. Mr Manley says that, despite the cost, the government will press ahead with the programme.

"It is not going to be easy to move from old patterns and habits to new conditions," the prime minister said. "But the more carefully we manage this period of transition, the quicker we will emerge on the other side with a more efficient economy."

President of IADB sets new date for visit to Peru

INTER-American Development Bank president, Mr Enrique Iglesias, said he would reschedule a visit to Peru to November 4 and 5, when he will lead a team to consider new loans for the country after a five-year freeze, Reuter reports from Washington.

Mr Iglesias was due in Peru next Monday, but decided he needed more time to set up a mission to assess Peru's credit needs. "We needed more time to set up the team," he said.

Mr Iglesias will be the highest-ranking financial official to visit Peru since President Alberto Fujimori took office on July 28.

Mr Fujimori has promised to mend fences with the country's creditors.

The team will study new projects suspended since 1985, when former leader, Mr Alan Garcia, alienated Peru from the financial community by putting a cap on foreign debt payments.

The World Bank last week sent a team of more than 20 technicians to study Peru's financial needs. The country, which has a a total foreign debt of $20bn, is seeking a loan of $2bn from industrial countries in order to clear its arrears to financial institutions.

Brazil is 'non-nuclear'

A Brazilian general and a former senior official have told a sceptical Congress that the military's nuclear programme was never intended to develop an atomic bomb, Reuter reports from Brasilia.

"I am not convinced that there was no intention to make a bomb," federal deputy, Ms Anna Maria Rattes, was quoted as saying in yesterday's edition of the Jornal do Brazil.

Ms Rattes chaired a closed session on Wednesday of the congressional panel investigating the military's nuclear activities.

French killed in crash

Cuba's Civil Aviation Institute said yesterday that three French nationals and a German citizen were among the 10 people killed when a Cuban airliner crashed near the eastern city of Santiago de Cuba on Wednesday, Reuter reports from Havana.

The institute had originally identified the four foreigners killed as Germans.

It named the dead as Francoise Charlet, Henry Amis and Joseph Pinos, all French, and Barbel Wahlers, a German woman. The remaining six killed were Cubans.

Of the total 21 injured, 12 were Spanish tourists.

The other nine were Cubans and included a popular singer, Miguel Angel Pina, who was in critical condition.

The Soviet-made Cubana de Aviacion YAK-40 crashed early on Wednesday in an isolated wooded plateau with no access roads. Officials said difficulty of access to the site hampered rescue efforts.

Mohawks visit World Court

A GROUP of Canadian Indians visited the World Court yesterday to see whether they could take allegations of police repression to the legal arm of the United Nations, a court official said, AP reports.

The official said approximately 15 Mohawk Indians were among a delegation touring Europe to gather support for the Indians following last summer's showdown between the Mohawks and police in Oka, Quebec.

The group toured the Peace Palace, home of the World Court, and asked several questions about article 34 of its statutes, according to the court official, who spoke on condition of anonymity.

Article 34 says the International Court of Justice, also known as the World Court, may only try disputes among nations.

In 1966, the court turned down a request by the Mohawks' Six Nations Confederacy to consider a land claim because of that statute.

US relaxes immigration controls

CONGRESSIONAL negotiators have reached agreement on allowing hundreds of thousands more immigrants into the country, particularly those with new job skills, Reuter reports from Washington.

The last hurdles to the legislation were removed on Wednesday night. A compromise was reached when House and Senate sponsors of competing bills agreed to establish special visas for foreign investors wishing to start businesses in depressed rural and urban areas.

There was also agreement to provide a temporary legal haven for Salvadorians fleeing violence.

"It's a good blend," said Senator Alan Simpson, who had threatened to block the legislation's passage if greater emphasis were not placed on screening applicants for criminal records and skills needed in the US. He had also called for stronger measures to deport illegal immigrants.

Aides to House sponsors of the measure said the House would pass the legislation before Congress adjourns this weekend.

Current law allows some 490,000 foreigners to immigrate to the US each year, but requires that 90 per cent of these have close relatives with established US citizenship.

Only 54,000 so-called "classic" immigrants seeking job opportunities, but with no relatives, are let in annually.

Under the compromise, the total cap would rise to 700,000 immigrants a year from 1992, falling back to 675,000 from 1995.

The existing preferences for immigrants with professional or educational skills would increase to 140,000.

The agreement also raises the influx of immigrants allowed to reunite families from 436,000 a year to 505,000 over the next three years, falling to 480,000 in 1995.

The US had few formal immigration policies until the 1920s, when country quotas were first established.

Those quotas were changed in 1965 in order to shift the emphasis towards keeping America's immigrant families together.

Mr Bruce Morrison, a key author of the compromise, said the new legislation "includes language to provide temporary protection to Salvadorians who fear bloodshed in their homeland while strengthening provisions to exclude criminals and terrorists".

Mr Simpson had vehemently objected to provisions in the House bill that would have granted three-year stays of deportation for illegal Salvadorian, Lebanese, Liberian and Kuwaiti immigrants.

Under the compromise, those people would be given 18 months in which to establish legal status.

The accord also includes Mr Simpson's demand for 10,000 special visas for foreign investors who, as immigrants, seek to establish businesses in depressed rural and urban areas. Such businesses must employ at least 10 American workers.

WORLD TRADE NEWS

Japanese telecom group hunts out foreign suppliers

By Ian Rodger in Tokyo

NIPPON Telegraph and Telephone (NTT) is intensifying efforts to procure high technology equipment overseas for its telecoms networks.

In particular, the Japanese telecommunications company will seek to establish projects with foreign companies to design and develop specific products for the network.

NTT's foreign purchases amounted to Y50bn (£205m) last year, just over 8 per cent of its total purchases.

The company, and Japan as a whole, have been criticised by the US for not importing more equipment in this field where many North American and European companies are competitive.

NTT has tried to increase its foreign purchases in recent years, holding seminars in Europe and the US and publishing its requirements widely. However, the response has been disappointing, especially from European companies. Of 59 foreign applications last year to participate in tenders for various types of sophisticated telecoms products none were from European companies.

Also, only two-thirds of NTT's foreign purchases are of high tech products; the rest are items such as office desks, paper for telephone directories and so on.

Mr Masashi Kojima, president of NTT, said yesterday that if NTT just continued with its existing policies on foreign procurement, growth in this area would probably slow down.

However, he said the company had decided to become more aggressive, seeking out foreign companies to become product development partners. It would also invite some companies directly to participate in tenders. "Already two or three trials are being made," he said.

He cited one case of NTT needing smaller and more powerful dry cell batteries for its mobile telephones. It learned that one of the most advanced companies in the world in dry cell technology was in Canada, and so it sought out the company and established a joint development venture.

Similarly, Northern Telecom has developed a small scale switching system for NTT that has led to substantial orders from the Japanese utility.

NTT share price support package, Page 39

Brazil eases high tech import ban

By Christina Lamb in São Paulo

BRAZIL is to lift its ban on imports of some information technology products from January.

The move, allowing for the first time entry of goods such as mainframe computers and fibre optics is the Collor administration's most significant step to date on opening up the economy. Information technology was the most protected sector of the economy, with a list of 303 banned products. The ban will remain on 47 items. However the products dropped from the list represent only 20 per cent of Brazil's $6bn information technology market. Tariffs on these goods will be 65 per cent, gradually reducing to 40 per cent in 1994.

Since Brazil's new policy of opening up to foreign competition was announced in July there has been intense lobbying by computer companies to retain their share of the market originally guaranteed until October 1992. However, other Brazilian industries complained they could not modernise in order to compete unless they were free to import high technology goods.

Dr Jose Goldenberg, the minister for science and technology, said the move meant some information technology companies would go out of business.

Clergymen demonstrating yesterday over the South Korea government's stance in the Uruguay Round negotiations. Seoul is pressing its case over farm trade, shipping and patents

Japan offers to cut tariffs by 57%

By William Dullforce in Geneva

JAPAN has offered in the Uruguay Round trade talks to cut import tariffs by 57 per cent. This more than matches the 43 per cent offer by the US.

Earlier Japan had offered to eliminate tariffs on more than 2,000 industrial products, provided their major trading partners followed suit.

They have now added another 1,000 items on which tariffs would go.

Products covered in the Japanese list include chemicals, pharmaceuticals, paper, steel and aluminium. They are much the same as those covered in US and Canadian offers.

The European Community has proposed some zero tariffs, notably on pharmaceuticals, but the EC delegation has reservations. By pushing for zero tariffs only in products where they were competitive, the US, Canada and Japan could be making it more difficult to strike compromises in other areas, an EC official said.

Tokyo, for instance, wants to maintain fairly high tariffs on some agricultural imports. The US has been reluctant to reduce barriers on textile imports, although US officials said their latest offer to cut tariffs covered both agricultural and textile products.

Nato looks to reduce defence trade barriers

By David Buchan in Brussels

THE ARMS procurement chiefs of Nato's 16 members have set up a taskforce to study ways of improving defence trade within the western alliance.

Spurred by the prospect of smaller defence budgets and the need to rationalise their arms industries, Nato's Conference of National Armaments Directors (CNAD) has decided to launch a six-month study into trade barriers and curbs on technology transfer and foreign ownership that fragment the Nato arms market.

The initiative is the work of Mr William Taft, the US envoy to Nato. Though the US is as protectionist as its allies in defence, Mr Taft, a former deputy secretary of defence, has called for a "Defence Gatt" to reduce barriers to military commerce within Nato.

The task force will report to next April's CNAD meeting. A Nato diplomat yesterday predicted that it would also consider whether and how Nato allies could co-ordinate arms sales policies towards third countries.

This issue has been pushed to the fore by western sales to Iraq, but it is also acutely sensitive since it is often the differences between these western export policies that give rise to sales.

Danes in Hungary venture

By Nicholas Denton in Budapest

HUNGARIAN authorities have come out in favour of Baltica Finans, a Danish property group, in a competition to develop a Budapest island. This paves the way for possibly the largest single foreign investment yet in Hungary.

The Baltica Finans bid envisages a $840m (£426m) investment in building a hotel, shopping and business centres in a joint venture with Ganz Danubius, a state-owned company.

The site is the Obuda Island property of Obuda Shipworks, a subsidiary of Ganz Danubius. The State Property Agency, the body which supervises privatisation, approved the proposal in principle on Wednesday.

The final go-ahead is conditional on financial guarantees from the Danish group and a commitment not to resell the property quickly.

The wealthy few who will miss the transferable rouble

Christopher Bobinski tracks a complex trail of profit-making

THE demise of the transferable rouble at the end of this year will be welcomed by all but a few.

The few, that is, who have laid the foundations of small fortunes, thanks to the intricate rouble accounting system of Comecon, the Soviet-led east bloc trading system, and a little help from the former West German treasury. The final months of the transferable rouble will be remembered by them with a mixture of gratitude and nostalgia.

Three factors made Poland an ideal place to convert soft currencies into hard ones – with large profits for entrepreneurs in the middle.

It all stems from the Soviet Union's trade deficit with Poland, an over generous exchange rate between the D-Mark and the transferable rouble designed to smooth the former East Germany's passage to the west, and limited convertibility in Poland.

Mr Jan Steckiewicz, an official at the Polish Chamber of Commerce, reckons that the 10,000 private traders involved have made $3bn profit. That is just for this year. Compare that with the $4.2bn Poland spent in imports for the first nine months of 1990 or the annual $1bn the World Bank has earmarked for Poland.

The transactions, which concentrated mainly on computers and video equipment, were carried out from the Far East by Poland's small private computer traders.

Many of these astute entrepreneurs first started making money in the early 1980s by flooding Poland with computer imports which were exempt from duty. Two years ago, they turned to the Soviet market when demand at home had tapered off.

This year, as access to hard currency held by Poland's National Bank was eased, these goods could be paid for in the Far East by dollars bought for zlotys.

This is one of the reasons Poland's soft currency trade surplus with the Soviet Union grew. And the Polish government found itself flush with roubles, so much so that it was faced with the prospect of repaying its Rbs5bn Soviet debt earlier than it envisaged – much to the chagrin of the International Monetary Fund.

The Polish government decided to take action.

During the summer, it cut the value of the rouble for those transactions which had not yet been agreed in the once-sacred annual Polish-Soviet trade protocol, from 2,100 zlotys, to 1,000 zlotys, and even at one point to 500 zlotys to the rouble.

Poland's private exporters reacted quickly. They increased the rouble price for computers. Soviet companies readily paid up because they were eager to get rid of their roubles before the end of the year when accounting rules would be changed.

Moreover, some Polish traders sought, (at times by nefarious means), to obtain notes that their deliveries were included in the annual trade protocol. Thus, the exchange rate remained at 2,100 zlotys to the transferable rouble!

Then German Monetary Union presented the traders with a golden opportunity. On each transferable rouble earned after July 1 by East German exporters to Comecon, west Germany fixed the exchange rate at DM2.34.

Poland was flooded with goods brought in cheaply by state-owned and private companies. The upshot was that it turned Poland's trade surplus of Rbs200m with the former East Germany at the end of June, into a deficit of Rbs500m by the end of September.

The deficit, which was swelled by the (seemingly) quite legal re-export by private sector companies of Far Eastern goods to Poland via East Germany, worked like this:

Computer equipment from, say, Singapore costing DM100m was shipped to Poland. The papers went through an east German company. This method provided a transferable rouble price tag.

The Polish importer needed the equivalent of DM25m to buy the zlotys. With the zlotys in hand, he was able to buy roubles. He paid the roubles to the East German. The East German, thanks to German Monetary Union, received DM2.34 for each rouble – or DM150m. With that money, he paid the Singapore supplier.

When all former Comecon trade switches to hard currency on January 1 the opportunity for *these extraordinary profits will be lost, but the experience* and Soviet contacts gained by a growing Polish entrepreneur class will not

Thus the East German came out with a profit of DM50m. Meanwhile, the polish entrepreneur had goods worth DM100m for which he had paid only DM25m.

The transaction presented few problems at the Polish end. The rouble payments, as in the past, automatically went through the Bank Handlowy, the foreign trade bank.

Any attempts by the Polish authorities to slow down these imports by, for example, asking the bank to demand import permits, were resisted by companies. They argued that no such legal requirements existed.

"Another gap in the regulations," sighs a senior Polish trade official, tired of fighting a losing battle to stem the sources of irregular profits at the meeting point of hard and soft currencies.

These opportunities will end on January 1 when all prices will be denominated in hard currency. But they leave behind Polish traders equipped with valuable experience and contacts in the Soviet market.

They have the capital to invest at home. If the right incentives are created, and if a tax amnesty is passed which would bring these profits into the open, Poland has the making of an entrepreneurial class at its disposal.

Iraq 'puts explosives on Kuwait oil wells'

By Jimmy Burns

THE IRAQIS have rigged more than a quarter of Kuwait's oil wells with explosives as a precaution against a western military attack on Iraqi held territory, according to a senior engineer working as a supervisor for the Kuwait Oil Company.

The engineer, Lebanese-born Mr Nabil Akel, was working for the KOC – now controlled by the Iraqi Ministry of Oil - in the company's headquarters at Ahmadi until last week when he and his family left the Gulf for London.

Although Kuwaiti exiles have previously reported the Iraqi mining of the oilfields, this is the first detailed information to emerge. Mr Akel said more than 300 of Kuwait's 1,000 oil wells were rigged.

Explosive devices, he said, had been attached to the 'Christmas tree' - the head of a well – in a way that could easily be detonated either by remote-control or by gun-fire.

Mr Akel, who has 20 years experience of working in the industry, provided additional raw intelligence on conditions within Kuwait which confirms suggestions that President Saddam Hussein might withdraw his troops to the lines of Iraq's newly extended province of Basra, Saddamiyat al-Mitla.

He said the Iraqis had virtually completed a demarcation line of concrete and barbed wire and security spotlights stretching "for miles" between Jahra and Saddamiyat al-Mitla.

The KOC is now headed by Mr Saaid Faraj Muthanna, an Iraqi administrator with apparently little experience of the oil industry. He is being backed up by more than 100 engineers brought from Baghdad. A group of western hostages is being held in a camp adjacent to the Mina Al Ahmadi refinery.

Other details of the Kuwait oil industry were as follows:

- **Gathering centres:** only two are fully functional, providing the equivalent of 10 per cent normal production. Engineers are maintenance workers working 16-hour shifts. This is to maintain operation of power stations at Doha and Ras-al-Zor as well as to cover domestic gas needs.

More than 20 centres have been badly damaged following the invasion: control panels have been "smashed to pieces" and equipment such as telephones and air-conditioners taken away by Iraqi troops. All the refineries have been shut down. Some cranes, heavy mobile equipment, and spare parts owned by the Kuwait Oil Company have been taken away to Baghdad.

- **Pipeline:** Two weeks ago Iraqis gave orders for the valves of the oil system which had previously been linked to the export terminal (the outlet was cut off as a result of sanctions) to begin to be repositioned to allow for pumping of oil through a newly installed pipeline between Kuwait and Basra.
- **Employees:** Intelligence on the Kuwaiti oil layout was provided to the Iraqis prior to the invasion by a KOC employee. Subsequently Kuwaitis were told to hand over all plans and the layout of the oilfield or to face imprisonment. Mr Bader Rayab, KOC chief accountant, was shot three weeks ago by Iraqi troops for refusing to hang up a portrait of Mr Saddam in his office. The workforce is now made up by some 50 per cent of Kuwaitis completed by Asian and other Arab nationalities.
- **Brutality:** Akel claims to have glimpsed bodies piled up in Kuwait City's main ice-rink. He also visited a Moslem cemetery near Riqqa where caretakers said they had washed and buried more than 100 bodies of Kuwaitis showing signs of torture.

Nabil Akel: out of Kuwait with news of Iraqi military actions, including the mining of 300 oil wells

Britain to reopen its embassy in Tehran

By Robert Graham

BRITAIN will open its embassy in Tehran on Sunday, marking a further stage in the normalisation of relations between the two countries.

Relations were broken off 18 months ago over the publication of Mr Salman Rushdie's novel The Satanic Verses. The Iranian leadership claimed the content of the Pakistan-born writer's novel was blasphemous and issued an edict calling for his death.

Patient diplomacy, coupled with moves by Iran to use the Gulf crisis to break its international isolation, led to an agreement on September 27 to restore diplomatic relations. The agreement was reached by Mr Douglas Hurd, the British foreign secretary, and his opposite number, Mr Ali Akbar Velayati, at the United Nations.

The British mission will be opened by a staff of five, led by Mr David Reddaway, a farsi speaker married to an Anglo-Iranian with experience of pre and post-revolutionary Iran.

Sensitive outstanding issues include the plight of Mr Roger Cooper, a businessman who has been held in a Tehran prison since 1985 for alleged spying, and the call by Iran's late spiritual leader Ayatollah Ruhollah Khomenei for Mr Rushdie to be killed.

Britain had hoped to resolve these problems before resuming diplomatic relations, but settled for a more pragmatic approach – recognising the importance of Iran both as a key player in regional security and as an export market.

The resumption of relations is expected to intensify efforts to obtain Iranian co-operation in seeking to free three UK hostages held by pro-Iranian groups in Lebanon.

South Korea sets policy to achieve 7 per cent growth

By John Ridding in Seoul

THE SOUTH Korean government will ease credit restrictions and increase policy support for manufacturing industries to attain a real economic growth rate of 7 per cent next year, the economic planning board (EPB) announced yesterday.

Mr Lee Seung Yun, the EPB minister, also said in a report to President Roh Tae Woo that the government will hold inflation at between 8 and 10 per cent in 1991.

This year the EPB is forecasting real GNP growth of 8.3 per cent and consumer inflation of about 10 per cent.

The boost to the manufacturing sector is regarded as necessary to offset a slowdown next year in construction and private consumption which have fuelled economic growth. Consumption is forecast to grow by between 7 and 8 per cent in 1991, down from about 10.5 per cent this year, while construction will slow markedly from its current annual growth rate of 26 per cent.

The measures to stimulate the manufacturing sector include the expansion of credit guarantees, the extension of tax exemptions for high technology industries and the increased availability of funds from financial institutions such as the Industrial Bank of Korea and the Korea Development Bank.

Manufacturing companies will also receive preferential treatment in obtaining foreign currency loans, while tax credit rates for investment in factory automation will be raised from 10 per cent to 15 per cent. Exports are forecast to grow by a relatively modest 7 per cent to $64.5bn the report said.

As a result, the current account deficit is expected to increase from $1.5bn to $2bn.

Investment growth is also expected to slow, increasing by between 10 and 13 per cent, compared with an estimated rise of about 16 per cent this year.

In a separate announcement, the Bank of Korea said yesterday that the country's national savings rate was continuing to fall.

The domestic savings rate, which was 38.1 per cent in 1988, slipped to 33 per cent in the first half of the year.

Libya declares day of mourning

Libya will cut itself off from the world today for a national day of mourning commemorating the 79th anniversary of the start of Italian colonial rule there, Reuter reports.

The Libyan news agency *JANA*, received in Nicosia, Cyprus, said the day had been declared a national day of mourning "for the victims of Italian colonialism".

The agency also said that communications, including all flights in and out of the country, would be cut for 12 hours from dawn.

Israel rejects UN criticism over inquiry

By Hugh Carnegy in Jerusalem

ISRAEL yesterday rejected United Nations' criticism of its refusal to allow a UN investigation into the killing of Palestinians in Jerusalem on October 8. It said US support for the UN stance played into the hands of Iraq and the Palestine Liberation Organisation.

"I suggest (we) ignore it," said Mr Yossi Ben Aharon, director general of the prime minister's office, when asked how Israel should respond to a second unanimous Security Council resolution on the issue passed late on Wednesday.

The statement came as the authorities, for the second day running, barred Palestinians who live in the occupied territories from entering Israel in a clampdown provoked by revenge attacks on Israelis.

On the UN investigation, the government's position remains that co-operation with it would compromise Israel's claim to sovereignty over Jerusalem. The only offer the government has made is to hand over the report of an investigating commission it has itself set up and which is due to be be published within days.

Israeli newspapers reported yesterday that the commission would severly criticise the police role in the shootings, which Palestinian groups yesterday said killed 17 people, not the 21 previously reported.

However, the UN is unlikely to accept an Israeli report as anywhere near sufficient.

The US has now voted against Israel in the UN twice in 12 days, in sharp contrast to its usual defensive role.

- *Reuter adds from Jerusalem:* The Israeli-American alliance, strained for months by Israeli Prime Minister Yitzhak Shamir's rejection of US-proposed talks with Palestinians, suffered further when Washington piloted a first condemnation through the Security Council on October 12.

Washington, trying to preserve its coalition with three Arab states against Iraq, backed sending the UN mission to Jerusalem.

Students protest over arrest

THOUSANDS of students, hurling rocks and firebombs, clashed with riot police in Seoul and five other cities yesterday to protest the arrest of a fugitive student leader, AP reports from South Korea.

Song Gap-suk was arrested on Wednesday along with two bodyguards in a police raid on his hideout in Seoul.

Song, 24, head of Chondaehyup, a nationwide radical student group, had been wanted by police for more than five months in connection with violent anti-US, anti-government demonstrations this year.

Song's group was responsible for several violent attacks on government offices and US installations. Last week, 11 radical students were arrested for trying to attack the US Embassy in central Seoul.

About 20 students and police were injured, officials said. There were no arrests.

New Zealand opposition may win by default

The National Party offers a rest from change and excitement, **Kevin Brown** writes

NEW Zealanders go to the polls in a general election tomorrow facing a choice between a government which has lost their trust and an opposition which has not yet earned it.

All the indications are that the voters will reject the reforming Labour government, which has transformed New Zealand's previously protected economy via a free market programme of deregulation, tariff reform and privatisation.

But there is little enthusiasm for the opposition National Party, which has officially embraced Labour's free market ideas but has failed to make a clean break with the interventionist ideological baggage of the past.

"If Labour loses, there is no question but that the government will have defeated itself," says Mr Keith Jackson, professor of political science at Canterbury University.

"Support for the National Party is almost unchanged since the last election in 1987, but people are totally disillusioned with Labour because the government is seen as having lost its way. The result is that National is likely to win by default."

Labour swept to power in 1984 on a tide of public discontent over the economic interventionism and social conservatism of the last National Party government, led by Sir Robert Muldoon.

Under the charismatic leadership of Mr David Lange, prime minister, and Mr Roger Douglas, finance minister, Labour abolished import quotas and export subsidies, halved tariffs, restrained public spending, and commercialised or privatised most government-owned corporations, including Air New Zealand.

The government also in effect withdrew from the Anzus defence treaty with the US by banning nuclear armed or powered ships and established a tribunal to hear land claims by indigenous Maori tribes dating back 150 years.

The reform programme remains widely supported but Labour has been unable to avoid the blame for an ailing economy.

The government's credibility was severely dented when Mr Lange and Mr Douglas resigned after a row over the pace of reform, and was virtually wiped out by a U-turn on the privatisation of the national telecommunications carrier, which had been exempted from the privatisation programme.

Mr Lange's departure was followed by 13 months under the colourless Mr Geoffrey Palmer, a former law professor, whose attempts to consolidate Labour's achievements left the party more tha 30 points behind the Nationals in the opinion polls.

Labour has regained some ground since Mr Palmer was deposed six weeks ago by Mr Mike Moore, the ebullient former trade minister, but the party continues to trail in the polls by between 7 and 16 points, largely because of defections to the Green Party and minor left-wing parties.

The Greens have been polling between 7 and 9 per cent of the vote in recent polls, and may pick up a Wellington seat, which Labour can ill-afford to lose. The government may also lose Maori North, one of four seats contested under a separate Maori roll, where a Maori party has been making headway. Mr Moore has tried to give some direction to the rudderless government by moving it towards an Australian-style consensus with the trade unions, beginning with a "growth accord" intended to restrain wage rises in return for lower interest rates and faster growth.

He has also announced plans for an identity-card system to crack down on welfare fraud, more taxation staff to collect unpaid taxes, and a public spending review to cut government expenditure, including the possible cancellation of a controversial NZ$1bn (£312m) agreement to buy two frigates from Australia.

But Treasury forecasts of a ballooning government deficit and a further slowdown in economic growth have left him looking increasingly like a man desperately trying to pull a rabbit out of an empty hat.

Mr Jim Bolger, the National Party leader, is campaigning on a theme of trust and decency, but the party's adoption of Labour's free market and anti-nuclear policies has left the impression that it has no clear alternative to offer.

Labour has been able to play on suspicions that Mr Bolger has been manoeuvred into support for free market policies by Mrs Ruth Richardson, his right-wing finance spokeswoman, who says Labour failed because it did not go far enough. Mrs Richardson favours further spending cuts, a tight monetary policy, and the extension of deregulation into industrial relations by abolishing New Zealand's 60-year-old system of compulsory trade unions and bureaucratic wage-fixing.

If National wins, the first clash is likely to be over the party's inflation target of zero to 2 per cent by 1993. The target is already softer than the government's target of zero to 2 per cent by 1992, but Mr Bolger will come under pressure to give the economy a short term stimulus by loosening the target still further.

Mr Bolger, a North Island farmer, has been given a rough ride by Labour because of his lack of wit and style. Even his party workers admit privately that he is a bit dull. But if the National Party wins, it will be at least partly because he offers New Zealanders a rest from change and excitement.

Bhutto's defeat rooted in a weariness among voters

Big swing raises questions of rigging, **David Housego** reports

MS Benazir Bhutto's humiliating defeat in yesterday's Pakistan elections ran so contrary to most predictions that it is bound to raise questions about how much foul play was involved.

But there was no sign yesterday that Ms Bhutto or her demoralised People's Party (PPP) would be able to contest the result through mass demonstrations. In that sense the poll removes one of the spectres over Pakistan which was that an indecisive result would lead to an ugly conflict between Ms Bhutto on the one hand and the armed forces and President Ghulam Ishaq Khan on the other.

The result does is not far short of the wildest hopes of the president and the army chiefs when they overthrew Ms Bhutto in August: for the moment her party is eliminated as a political force and the conservative Islamic alliance has a chance to form a stable government in close tandem with the military.

The president will see the outcome as a vindication of his dismissal of Ms Bhutto. It is less that, however, than the weary response of voters with no wish for a further round of vindictive politics that would have torn the country apart.

The choice for voters was in some ways illusory. Army leaders made it clear that they would not accept the return to power of Ms Bhutto. In that sense voters were being asked to decide between the uncertainties of continuing warfare between Ms Bhutto and the army, and the prospects of more tranquility with the Islamic Democratic Alliance.

The most likely candidate to head the new government is Mr Ghulam Mustafa Jatoi, caretaker prime minister for the past three months. His strength is his ability to work with the different components of the conservative alliance and with the armed forces. He has the advantage that as a former minister under Prime Minister Zulfikar Ali Bhutto, Ms Bhutto's father, he can help bridge the abyss between the country's two political cultures. Mr Nawaz Sharif, former chief minister of the Punjab, and the politician with most supporters in the assembly, is viewed as a more difficult partner by the armed forces.

Ms Bhutto's ill-managed 20 months in power show how quickly governments in Pakistan can use up their credit. Mr Jatoi will have the problems of holding together his conservative alliance.

One charge privately made by ministers in the present cabinet against Ms Bhutto was that she spurned the chance of national reconciliation that her 1988 electoral victory offered.

Ms Bhutto will face a hard task in making a comeback. Many of her supporters who were dispirited by her record in office will be even more dispirited by her defeat. She alienated others by heavy-handed support for her husband, Mr Ali Asif Zardari, who was elected from prison where he faces of corruption charges.

She fought back with characteristic animosity. "I'm angry and shocked at the way the election has been rigged," she said. "It wasn't even subtle. They have stolen the elections."

Supporters of the Islamic Democratic Alliance in Rawalpindi carry a portrait of the late president, Zia ul-Haq

Bond directors criticise new court action

By Bruce Jacques in Sydney

DIRECTORS of Bond Corporation Holdings, the debt-stricken Australian conglomerate, yesterday criticised court action taken against the company on Wednesday by the West Australian government.

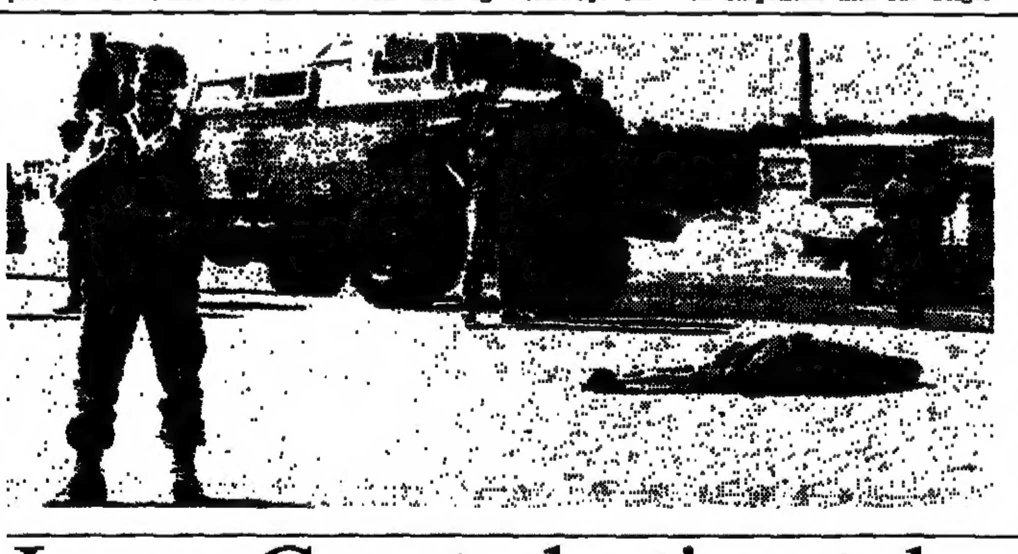
The government action alleges misleading and deceptive conduct by Bond Corporation, Wardley Australia, the merchant bank, and Mr Laurie Connell, over the 1987 "rescue" operation for the failed finance house, Rothwells.

The government is seeking damages of A$22.5m (£8.9m) plus interest, alleging it was misled over a A$150m guarantee provided to the National Australia Bank. Bond directors yesterday described the company's inclusion in the proceedings as "another exercise in political cynicism".

"Bond is confident that this cynical and futile exercise by the government will be seen for what it really represents," they said. "Bond welcomes the opportunity for the record to be set straight, once and for all, as to what really induced the government to try to prop up Rothwells.

"Bond hopes that the government will not hide behind Crown privilege so as to avoid the full disclosure of all relevant facts and documents."

Meanwhile, Mr Peter Lucas, Bond Corporation chairman, has estimated that a capital reconstruction, formally passing control of the company to its creditors, should be complete by March next year.



Township protest ends in killing

A South African policeman, left, poses for photographers near the body of a black man allegedly killed by security forces in the Khayelitsha township east of Cape Town.

At least two other people died in clashes in the township yesterday, Reuter reports. A witness said he saw a man killed by shotgun fire when police fired into a crowd. A police spokesman said: "We found two people dead. They had been shot, but not by police. They were killed by sharp ammunition. We have not used bullets today, just tear gas and rubber bullets."

Ivory Coast election takes only the one-party out of rule

All other elements of a democracy are still awaited, say the opposition. **Julian Ozanne** previews Sunday's historic poll

IT CAME as a bit of a surprise, even to Mr Laurent Gbagbo, intellectual leader of the Ivorian Popular Front and first opposition presidential candidate in the Ivory Coast after 30 years of authoritarian rule by President Felix Houphouet-Boigny.

As his convoy of cars drove past pineapple and coconut plantations into the small town of Bonoua, former stronghold of the ruling PDCI party, crowds of market women and peasant farmers blocked the road chanting "Gbagbo President" and showing the two-fingered salute, symbol of support for multi-party democracy.

A few hours later, at Abousso, security men had to beat back enthusiatic supporters as they mobbed Mr Gbagbo's BMW to try to get a look at the modest professor who is daring to challenge "The Old Man", as the octogenarian president is known.

The presidential poll on Sunday will be the first multi-party election in Ivory Coast since independence in 1960. Observers believe that, after nearly three decades of political stability, strong economic growth and tribal tolerance, the Ivory Coast has one of the best chances in Africa for a peaceful transition.

The President remains genuinely popular in the countryside and stands a fair chance of winning free elections, especially as the opposition remains poorly organised.

But there is mounting evidence of dishonest electoral practice by the ruling party which could unleash violent discontent and challenge the stability of the country and its recent efforts to carry out a bold and promising structural adjustment programme in the face of economic decline.

The last four years of tumbling world prices for some of Ivory Coast's main commodities have fed through into grievances about government corruption, nepotism, bad economic management and political oppression.

The opposition has been denied fair access to the state controlled media, demonstrations are routinely broken up with brutal force, the distribution of electoral cards is allegedly being manipulated by the PDCI and the Government has attempted to smear the opposition by accusing them, among other things, of plotting to assassinate the Pope when he visited the country last month.

The participation in the polls of the majority of Ivory Coast's estimated 4m foreign migrant workers is also proving controversial. The opposition claims the foreigners are organised into national associations linked to the PDCI. Their position in Ivory Coast, on which their livelihood depends, is uncertain and they are instructed by their own governments and tribal leaders in Ivory Coast not to rock the boat because there are no jobs for them at home. To make matters worse, the Government is also spreading talk of expulsions should the opposition win.

Mr Gbagbo, a historian, remains philosophical. "What we have is multi-partyism but not democracy," he said.

"Multi-partyism is one step on the road to democracy but it is not democracy. The PDCI has accepted multi-partyism but they don't want it. It is important for us to stand, despite the cheating, because we must show the people that the struggle for democracy continues."

Many observers believe that Mr Gbagbo has already established an important landmark and that after the presidential elections and legislative ones next month – in which the PDCI rather than the president's personal record are on trial – the principle of accountability and public vigilance over government policy will be irreversible.

"There's no going back to the days of one-man, one-party rule," admitted one party official. "Nobody will ever be able to reign like Houphouet again."

But last week the PIT (workers) party, one of the four main parties, announced an "active boycott" of the elections accusing the PDCI of widespread rigging and saying the conditions for democratic elections did not exist.

"We have to continue fighting for democracy without participating," said Mr Francis Wodie, general secretary of the PIT, who called for demonstrations and strikes and unspecified "other actions".

The government excuses itself by saying that democracy is very new.

"We are apprentices at democracy and we are trying to learn how to bring it in," said Mr Camille Alliali, a senior government figure.

Every sign so far suggests that the government has reluctantly conceded democratic change as a result of internal and external pressure but will do everything possible to frustrate it.

The continuing resort to dirty tricks and state force may further exacerbate the frustrated opposition into violent confrontation. And, if the election is rigged, Ivory Coast's opportunity for peaceful political change and economic reform may quickly vanish.

Attempt to introduce market forces abandoned

University funding body admits failure of reforms

By Norma Cohen, Education Correspondent

EFFORTS BY the Universities Funding Council to introduce market forces into the university funding system have been a failure, the government-controlled watchdog body announced yesterday.

The council, in a letter to the Committee of Vice Chancellors and Principals, said its controversial four-year "bidding" process, under which universities compete to offer the lowest price to teach students, would be abandoned because universities refused to undercut each other.

The bids will be the basis for funding for the 1991-92 academic year but the system will have to be redesigned after that.

Sir Edward Parkes, chairman of the CVCP, described the decision as "a devastating blow because the reasonably certain planning horizon is not going to be there."

He said the committee would be meeting in the next few days to decide how to respond and planned to seek a meeting with Mr John MacGregor, Education Secretary. He said nearly a million pages of planning documents had been submitted to the UFC by universities and it had all been a waste.

Government policy has been aimed at expanding the numbers of students in higher education while reducing the cost of educating each one.

Similar moves have been undertaken at Britain's polytechnics with some measure of success.

Meanwhile, the Department of Education and Science applauded the council's decision. "We want to secure a more effective use of the very substantial funds made available for higher education," it said.

Although the bidding system is designed to encourage universities to undercut each other on price in the hope of receiving funds to teach more students, vice-chancellors refused to do so.

The council said 93 per cent of bids submitted were at the maximum "guide prices" while the remaining 7 per cent of bids were at prices only marginally below those.

Sir Edward denied that universities had operated a "cartel" in submitting bids.

However, he said university vice-chancellors' bids were strongly influenced by the views of polytechnic directors who believed that they had competed too fiercely for student places and, as a result, were underfunded.

Vice-chancellors informally and privately agreed at a meeting last spring that they would submit bids at or near the guide price.

Universities submitted bids plans for a 19 per cent expansion in enrollment by 1994-95, consistent with government policy on higher education. "Although the universities bid for expansion, the council was disappointed by the scale of economy offered by universities' bids over the four-year period."

Regulatory body calls for more TV sponsorship

By Raymond Snoddy

THE SHADOW Independent Television Commission, the body that will regulate commercial television when the Broadcasting Bill becomes law on January 1, yesterday proposed that all commercial television programmes except news and current affairs could be opened up to sponsorship from that date.

The ITV companies will earn about £5m from sponsorship this year, mainly from the electricity generating companies PowerGen which sponsors the ITV weather, and National Power, which sponsored ITV's World Cup coverage.

Mr Malcolm Wall, chairman of the ITV Sponsorship Committee, yesterday welcomed the draft code and estimated that the ITV companies could earn £30m from sponsorship next year and £50m in 1992, although the pace would be guided by the response of advertisers and viewers.

Drama, game shows and the broadcast of sponsored events would be the areas where sponsorship would probably expand, Mr Wall believes.

Under the proposals children's programmes could also be sponsored. The rules preventing sponsors having any influence on programme content or having their products or services in the programme would mean that toy manufacturers could not sponsor programmes about their toys.

The commercial television companies themselves are free within the provisions of the code to decide on their mix of sponsorship.

The ITC, which will replace the Independent Broadcasting Authority and regulate all of commercial television including cable and satellite, decided it was impractical to have completely different rules for different sorts of television.

The Government also made it clear in its broadcasting white paper that it wanted commercial television opened up to sponsorship.

UK heavy trucks sales fall by 40%

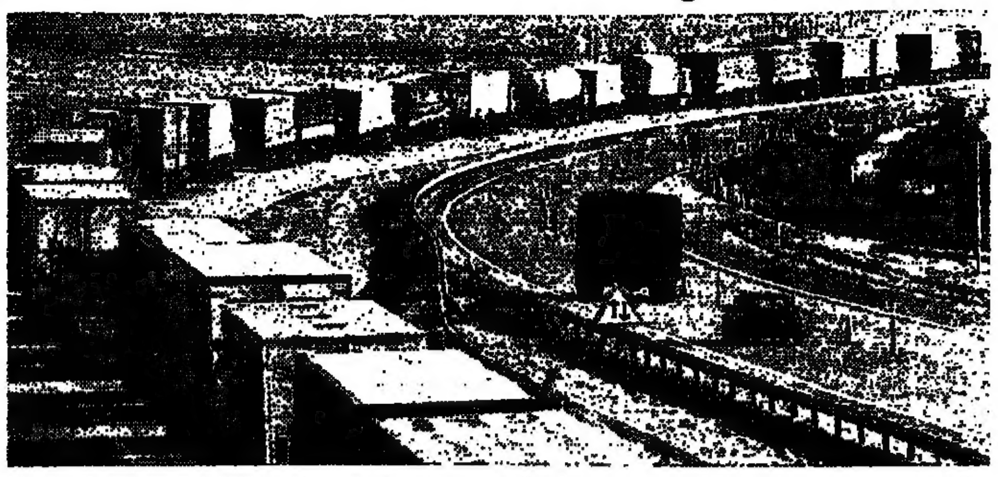
SALES of heavy trucks in the UK fell by just under 40 per cent last month, the biggest single monthly fall since the current downturn began in October, 1989, writes John Griffiths.

Industry executives indicated last night that unit sales have continued to fall during the current month, although some levelling out is now expected in percentage terms.

Few in the industry believe that there is now much hope of a market revival before the second half of next year.

Mr Peter Foden, chairman of ERF, the UK's last independent publicly-owned heavy truck maker, said it was highly unlikely that the recent announcement of a one percentage point cut in the base rate would begin to restore confidence and encourage the start of an upturn next spring.

Other commercial vehicle sectors have also been sucked into the downturn. Sales of light and medium vans, typically used by the mass of Britain's small traders, fell by more than 30 per cent last month and are continuing at depressed levels in October.



Road to nowhere: the haulage industry is facing its biggest fall in sales for 10 years

Most industry executives say it will require further interest rate cuts of at least two percentage points to get commercial vehicle markets moving again. But they point to other, adverse factors differentiating the current commercial vehicles sales slump from that which occurred in 1980.

Recovery from the 1980 recession was speeded up, the industry argues, by the fact that the truck population was old, and operators replaced them fairly quickly as a matter of necessity. Sales of trucks over 3.5 tonnes were the highest of the decade last year, at 69,234. But in there final quarter of last year demand was 20.2 per cent lower than the previous year.

DAF forecasts, Page 20

Government blamed for DAF cuts

John Griffiths on the anger over the truck maker's decision to axe jobs

THE announcement yesterday of 300 job cuts and impending losses by Anglo-Dutch truck maker DAF came as no real surprise to Mr Bill Beadnell – nor to many other of his dealer colleagues throughout the UK truck industry.

The DAF announcement is the latest reflection of plunging sales, profits and production throughout the UK commercial vehicles sector, which has seen the number of trucks produced by almost every UK-based manufacturer fall by more than 50 per cent this year over last.

Mr Beadnell has a particular interest in developments at DAF and the UK subsidiary, Leyland DAF, which resulted from the merger with formerly UK state-owned Leyland Vehicles three years ago.

He is chairman of North East Leyland DAF, its biggest single dealer group, and was instrumental in bringing the two cultures together at the distribution level, as Leyland DAF's first dealer chairman, in the aftermath of the merger.

Mr Beadnell is angry about government policies which, he and the entire truck distribution sector insist, are responsible for its problems.

"Transport is the barometer of what's happening to business activity in the UK.

"This goes to show that the recession is already a lot deeper than anyone thought."

This year, Mr Beadnell expects profits of his group to reach 60 per cent of last year's levels.

North East Leyland DAF, however, is faring better than most.

Many of the country's truck dealers are expected to sink into losses as a result of the biggest fall in commercial vehicles sales for a decade.

Mr Beadnell claims that high interest rates are contributing to inflation, through increased pay demands to cover higher mortgages and other payments.

NELD has invested heavily, more than £1.35m in the past several years, to achieve its current position. Mr Beadnell says he has every intention of maintaining high investment levels – for as long as that is possible.

The company he insists, has concentrated on investing for the long-term. "Mrs Thatcher says she wants British business to get off its backside and keep investing. We've done that, but now we're being penalised for it."

In Mr Beadnell's view, "this is no time for political dogma. It's like deliberately using just one club to play golf with.

A more sensible option, he says is to impose purchase controls on consumer goods, even cars, and restore 100 per cent capital allowances on investment goods – including trucks.

Meanwhile, truck operators themselves are helping the industry shoot itself in the foot, he claims, as a result of their preoccupation with initial purchase price discounts.

Some truck market executives talk of discounts of 20 per cent – plus being widespread, with other forms of added financial support also being available from manufacturers.

"Yet for a haulier, the discount in terms of whole life cost can hardly be seen," he says.

Since NELD does not want to cut back, it has to go after a bigger slice of the business available.

The company says it wants to offer its van buyers the same sort of service it offers truck-owners who attention in case of breakdown or other difficulties.

Japanese ambassador criticises 'old-fashioned' British industry

By Michael Cassell, Business Correspondent

MUCH of British industry remains "basically, rather old-fashioned", according to Mr Kazuo Chiba, the Japanese ambassador in London.

Mr Chiba, in some characteristically diplomatic chiding of the British manufacturing effort, says there have been few recognisable changes since he arrived in 1988. He acknowledges, however, that some "brighter elements" are now more in evidence among the few élite, progressive businesses he first identified on his arrival.

In an interview in Director magazine, the ambassador says the failure of many companies to sell to Japanese-run factories in the UK lies in their failure to understand the Japanese determination to strive for excellence.

Mr Chiba suggests that lucrative orders to supply Japanese customers might be lost because British suppliers are aiming for lower standards than those expected by the Japanese.

He says it is not a question of British companies failing to honour contracts, but failing to share the Japanese desire to outperform contract conditions.

"When a contract says 3 per cent rejects are accepted, the British supplier sends 97 per cent good ones and thinks that's all right, that meets the contract. But the Japanese mentality, even though 3 per cent is in the contract, is to strive to make it zero.

"That seems to me very difficult for suppliers here to comprehend – they think why should they exceed the contract?"

Mr Chiba says many Japanese suppliers are following manufacturers to Britain to take advantage of the failings of British businesses.

But he also recognises that there is no "magic" attached to the Japanese style of management and says their factories in Britain are employing an increasing number of British managers, particularly on the personnel side.

He says the "superficial" characteristics associated with Japanese management, including the wearing of company uniform by executives and the use of a common dining room, seem to be widely accepted.

"Whether they make the workers wildly happy or not I rather doubt, but I think it does create a better atmosphere on the whole," Mr Kazuo Chiba says.

Pay negotiators get 15.6% rise

By John Gapper, Labour Editor

THE EARNINGS of personnel managers, who are responsible for negotiating pay in British industry, have risen by 15.6 per cent in the past year despite the government's call for wage restraint.

The Institute of Personnel Management yesterday disclosed the rise in earnings among its members the day after Mr Michael Howard, employment secretary, told the institute's annual conference in Harrogate that unemployment could be raised by "reckless" pay rises.

The earnings of personnel directors – the most senior grade – rose by 19.6 per cent in the year to September, averaging £58,455.

The rises of personnel managers contrast with a rise in average earnings in the 12 months to August across the whole economy of 10.25 per cent.

The increases for personnel staff are the highest recorded since the institute started its annual survey of pay in 1983.

They compare with rises of 13.6 per cent for computing professionals, and 14.5 per cent for engineers and finance managers.

They were disclosed amid mounting concern about the effect on unemployment of rises in real earnings following Britain's entry into the exchange rate mechanism of the European Monetary System earlier this month.

UK NEWS

Government admits risk of recession is growing

By Rachel Johnson

MR JOHN Major, the Chancellor, acknowledged publicly yesterday that the sharp slowdown in the economy over the past few months may now have turned into a recession.

In a marked change of tone which was seen by Conservative MPs at Westminster as a forerunner of further bad news in coming weeks, Mr Major said it was "conceivable" that the economy was now in recession.

But the authorities simultaneously blamed corporate casualties on financial carelessness. Highly-geared companies and their creditors are now paying the price for their lack of caution in the past, according to Mr Robin Leigh-Pemberton, governor of the Bank of England.

Speaking last night in the wake of the collapse of Polly Peck, the fruit-to-electronics group, Mr Pemberton warned that liquidity crises were the result of careless banking. Bankers – even if only junior members in a syndicate – had to monitor the risks they took on very carefully.

He made only veiled references to companies – such as Polly Peck, Laura Ashley, and Coloroll – which have recently gone into receivership as a consequence of running "overstretched cash positions" at a time of high interest rates.

"Companies with high gearing will find it harder to adjust.

"There are bound to be individual cases of liquidity difficulty," he said.

Until now the Government has been careful to speak in terms of an economic slowdown or "growth recession", but it is thought that the Treasury's latest forecasts show that output may fall in absolute terms in the second half of this year.

Mr Major said that production was still slowing. "Whether it is within the normal definition of recession is a matter which we will soon see... It is not entirely clear yet. It is conceivable that it is," he added.

EUROPEAN CURRENCY UNIT

Germany opposes British Ecu plan

Andrew Fisher in Berlin

MR KARL Otto Pohl, President of the Bundesbank, yesterday reasserted the German central bank's opposition to Britain's proposals for a hard Ecu backed by a European Monetary Fund, saying they could lead to conflicts over monetary policy and contained "not inconsiderable risks."

He said: "We are unable to support the proposal to create a new monetary institution. Monetary policy responsibility, in our view, is indivisible."

The stability of exchange rates could take precedence over monetary and price stability under the UK proposals, he said.

He warned that this could lead to "compromises" in monetary policy. "This is the worst recipe for monetary policy, as we all know from past experience."

Nor could an EMF advance the cause of monetary union. "It ultimately makes no autonomous contribution to integration."

Mr Pohl added: "The hard Ecu proposal does not solve the problem. The problem is not to create another currency, hard as it may be – a thirteenth, fourteenth, or whatever currency. The problem is how can we develop common decision-making in monetary policy."

Robin Leigh-Pemberton

His comments followed an exposition of the British proposals, by Mr Robin Leigh-Pemberton, Governor of the Bank of England, who said they would allow a new EC central banking institution to obtain strong anti-inflation credentials, similar to those achieved by the Bundesbank.

"They (the UK proposals) would enhance economic convergence in the Community without prejudging the final goal.

"But, equally, the hard Ecu could eventually lead to a single currency, if that was what governments, peoples and markets wanted."

Mr Leigh-Pemberton, who said Britain's recent entry into the Exchange Rate Mechanism was made because "we wanted to be part of the Community's anti-inflation club," said it was simplistic to think that a new European central bank in the mould of the Bundesbank and with a mandate for price stability would necessarily achieve its objective.

"However independent a central bank is in principle, it cannot be impervious to the pressures of public opinion or indifferent to public support.

"It must rely for its legitimacy on the public's aversion to inflation and to the public's trust that potentially unpopular short-term measures of restraint will be justified by longer-term benefits."

Mr Leigh-Pemberton said it would be unnecessary and highly undesirable to rush into commitments on European monetary policy that would prevent future flexibility.

He said the hard Ecu proposals were consistent with phased progress to a single monetary policy and a single currency, if desired.

They would help create the essential conditions for this. "They do not, on the other hand, in themselves mandate a single currency or carry any implications as to its timing."

His speech comes in the wake of several British government statements cautioning against too hasty a move towards economic integration.

Hard currency fails to impress industry

By Peter Marsh

SOME OF Britain's leading industrial companies have shown a marked lack of enthusiasm for the government's proposal for a common European currency in the form of the hard Ecu.

Their scepticism could add a further hurdle to Mrs Thatcher's efforts to win acceptance for the scheme at this weekend's European Community summit in Rome.

Senior financial officers at a number of large UK companies with international operations, including British Telecom, Glaxo and BAT Industries, say they would be unlikely to find uses for the hard Ecu in European financial transactions and borrowing.

The lack of support from such companies is likely to be highly embarrassing for the government as it has stressed that the hard Ecu should benefit European business in reducing transaction costs and making borrowing easier.

Several of the companies say their scepticism about the hard Ecu is deepened by the lack of a commitment by Britain to the idea of converting it into a single European currency.

Both Mrs Thatcher and Mr John Major, the Chancellor of the Exchequer, have been careful not to link the hard Ecu to the goal of progressing to a single currency. Such a connection would alienate the large section of the Conservative party which opposes full European monetary union.

The government says its hard Ecu, which has met with only lukewarm support from a number of EC nations and with antagonism from some European Commission officials, could be introduced in the second stage of economic and monetary union (EMU) which some countries want to start in 1994. This would mark a further integration of European monetary and economic policies.

The hard Ecu would be a parallel currency existing alongside national currencies and would be managed by a new government-backed European monetary fund. It would carry a government guarantee that it would never be devalued.

A key part of the UK proposal is that the hard Ecu would not be imposed on business but left to the market to take up or not as it sees fit.

However, a number of large British companies say they do not see the hard Ecu as forming part of their future plans.

Mr David Harrison, deputy group treasurer at British Telecom, said he saw "no particular merit" in the hard Ecu. He said it would be confused with the existing soft Ecu, a notional financial unit based on the average weightings of a basket of European currencies.

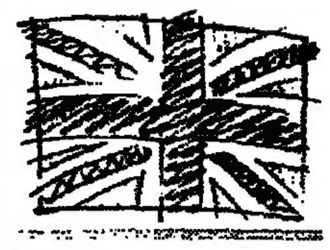
Mr Richard Savage, corporate treasurer at Imperial Chemical Industries, said his company was studying over the next few weeks its strategy for the 1990s involving borrowing and investment in Europe. Most of ICI's financial transactions across the EC at present are based on the D-Mark and Mr Savage said he had yet to be convinced that the hard Ecu could play a role.

Mr Roger Lomax, financial adviser at BAT, the tobacco company, said he doubted whether there would be sufficient incentive to use the hard Ecu, while at Fisons, the drugs and laboratory equipment company, Mr Roy Thomas, finance director, said he was "sceptical" about the UK proposal. "The whole argument (about the hard Ecu) is political," said Mr Thomas.

The corporate treasurer at a large UK capital goods company, who did not want to be named, said discussion of the hard Ecu was "a waste of time".

Officials at both Glaxo, Britain's biggest drugs company, and BP, the oil company, said meanwhile that they did not think the hard Ecu would have any relevance to their companies in the immediate future.

BRITAIN IN BRIEF



Patten says go green to win markets

British business has been losing valuable opportunities in European markets by failing to take a lead on the environment, Mr Chris Patten, Environment Secretary, has said.

British companies needed to improve their performance on the environment, Mr Patten told a Confederation of British Industry conference in London.

"Protecting the environment should be at the centre of every firm's strategic planning," he said.

The Environment Secretary estimated that the European market for environmental technology would grow from £20bn to £32bn over the next ten years.

He warned, however, that British companies were in danger of losing out: "Those countries who pressed ahead now have the lead in many fields of environmental protection technology."

DTI in German purchase row

The Department of Trade and Industry has defended its decision to choose a German supplier to provide £2.4m worth of furniture and equipment for its new offices.

Opposition trade and industry spokesman Mr Douglas Henderson had described the decision as "unpatriotic and unbelievable".

But a DTI spokesman said: "This was a standard Government tendering exercise. It is quite untrue to say that British companies were ignored. At least one British company was in the shortlist."

Home loans in sharp fall

The depressed state of the housing market in the UK has led to a sharp fall in loans for house purchases, according to the Committee of London and Scottish Bankers.

The groups of banks represented by the CLSB made gross loans for house purchases of £2.1bn, nearly 10 per cent less than both the previous quarter and the third quarter last year. This was a direct result of the "relative inactivity in the housing market", the committee said.

The number of new mortgages approved in the third quarter slipped by almost 3000 compared with the second quarter. The groups approved 31,300 with a total value of £1.2m. But the average value of approvals remained at £39,300, less than 2.5 per cent higher than a year ago.

UK condemned on human rights

The European Court of Human Rights condemned Britain for denying some prisoners legal recourse against government decisions extending their jail term or ordering former inmates back behind bars.

The landmark, 18-1 ruling effectively voids the British legal notion of a "discretionary" life sentence and forces the government to let courts decide on the release or re-detention of those who received such a sentence.

A discretionary life term empowers the Home Secretary to keep prisoners in jail, or re-detain them after an initial release, if they are considered to be a threat to society or mentally ill.

Presdient Francesco Cossiga of Italy (left), who is in Britain on a state visit, was yesterday welcomed to Oxford University by Mr Roy Jenkins, the chancellor and former president of the European Commission (right). Mr Cossiga was at the university to attend the formal restoration of Italian studies following a grant from Fiat, the Italian car manufacturer.

Woolwich wins over tax office

The Inland Revenue, the government taxation office, was faced with a possible bill running into hundreds of millions of pounds following a test case defeat in the House of Lords brought by the Woolwich Building Society.

In a ruling of major importance to building societies five law lords, in a 36-page reserved judgment, declared Inland Revenue regulations made under the provisions of the Income and Corporation Taxes Act 1970, relating to payment of tax on interest and dividends invalid.

They decided that the 1986 Income Tax (Building Societies) Regulations were "wholly void and ineffective" in so far as they related to transitional arrangements for the payment of composite tax rate.

Oil value rises on Gulf crisis

The sterling value of UK oil production nearly doubled in September, compared to a year ago, according to the Royal Bank of Scotland.

The Bank said the daily average value of production was £32m, 94 per cent higher than last year, and 32 per cent higher than August. Production declined 12 per cent compared to a year ago, to 1.7m barrels a day.

Acid rain plan in trouble

Expensive electricity industry programme for dealing with acid rain has run into problems because it could damage rivers in the Midlands and Yorkshire.

PowerGen, one of the soon-to-be-privatised electricity generating companies, is proposing to build plants to scrub emissions of sulphur dioxide, the main cause of acid rain, at its large coal-fired stations at Ratcliffe-on Soar in Nottinghamshire and Ferrybridge in Yorkshire.

The plant, which in known as flue gas desulphurisation (FGD) and will cost PowerGen about £500m, is seen by the government as one of Britain's main contributions to meeting European Community targets for cutting acid rain.

However, FGD plant produces large amounts of chloride as a by-product which PowerGen is proposing to pump into local rivers.

Oftel power loss warning

The government's review of whether to introduce more competition into the telecommunications industry could reduce the power of Oftel, the body which regulates the industry.

Mr John Redwood, the minister for corporate affairs at the Department of Trade and Industry said yesterday that as competitive markets develop around privatised monopolies, so there should be less need for regulation.

Mr Redwood told a London conference on privatisation and regulation: "Regulation is never an adequate substitute for competition."

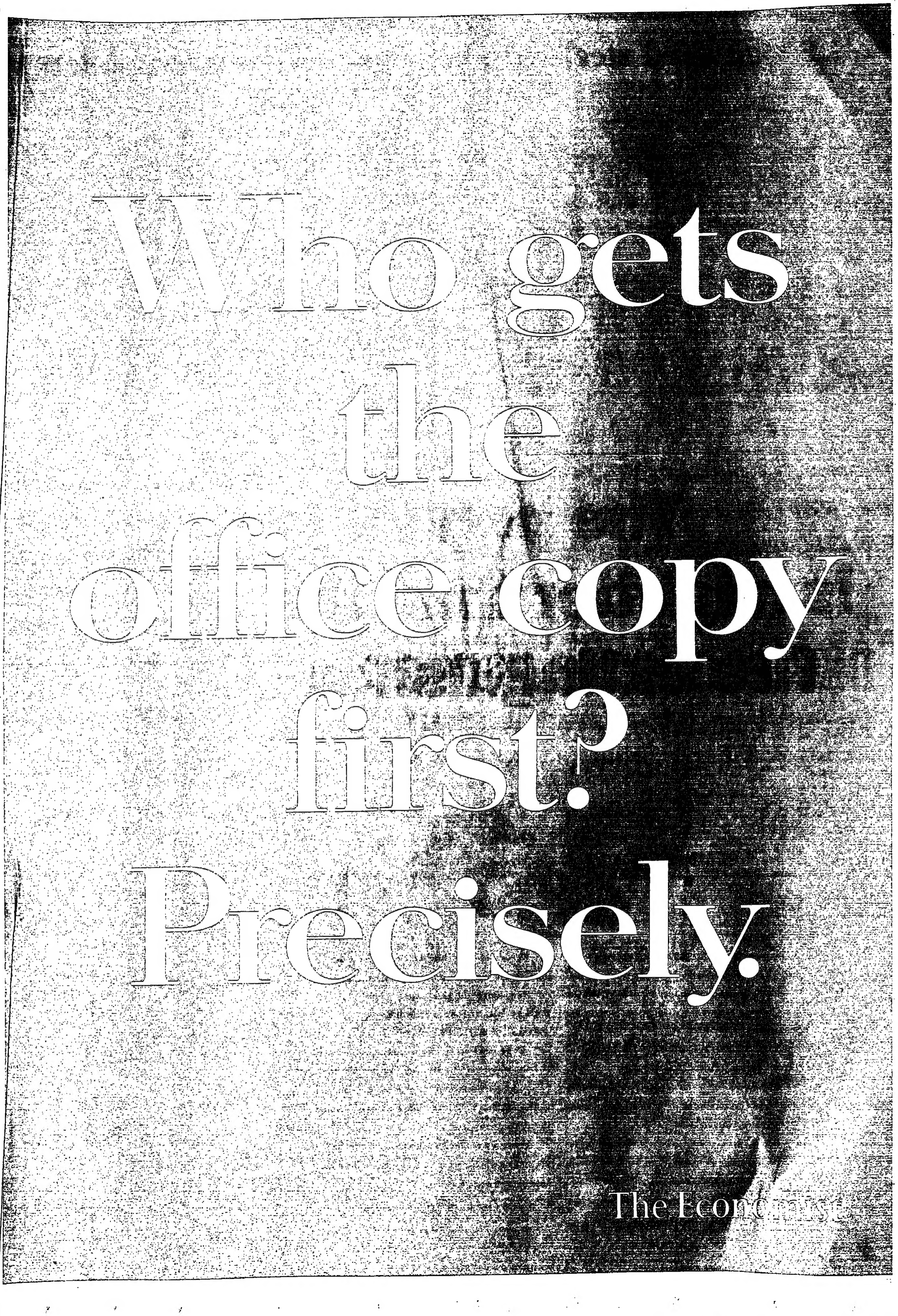
Mr Redwood's speech to the conference, organised by International Antitrust Conferences, came a day after British Telecom called for a reduction in Oftel's power.

Tyre power station planned

The UK's first power station to generate electricity from old tyres will be built in Wolverhampton, West Midlands.

Wolverhampton Metropolitan Borough Council's planning and development committee yesterday approved the scheme, removing the last regulatory hurdle in the way of development. Voting was nine-to-two in favour.

Elm Energy and Recycling (UK), the British arm of a Connecticut company, will put in place final equity and financing arrangements so that it can start construction of the £36m project next year, with a view to first fuel generation in 1992.



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FT LAW REPORTS

Delivered steel strip belongs to German suppliers

ARMOUR AND ANOTHER v THYSSEN EDELSTAHLWERKE AG

House of Lords (Lord Keith of Kinkel, Lord Griffiths, Lord Oliver of Aylmerton, Lord Goff of Chieveley and Lord Jauncey of Tullichettle): October 18 1990

IN A contract for sale of goods, a condition that they are to remain the sellers' property after delivery until payment of the purchase price, is effective to ensure that sellers retain ownership if the price is not paid and, in the absence of *the buyer's ultimate right* to the goods, does not create a right of security without transfer of possession, invalid under Scottish law.

The House of Lords so held when allowing an appeal by Thyssen Edelstahlwerke AG, suppliers of steel, from a decision of the Second Division of the Court of Session (Scotland), that steel delivered to buyers, Carron Co Ltd, formed part of Carron's assets in receivership. *The respondents to the appeal* were the Carron receivers.

LORD KEITH said that Thyssen carried on business in West Germany as manufacturer and supplier of steel. Carron carried on business at Falkirk as manufacturer of metal, plastic and general engineering products. Receivers of Carron's assets were appointed on August 3 1982 under a floating charge in favour of two banks.

Prior to August 3 Thyssen and Carron had engaged in a course of dealing under which Thyssen sold and supplied steel strip to Carron.

The contracts of sale were subject to Thyssen's General Conditions of Delivery and Payment. At the time of the receivers' appointment 67,423 kilograms of steel strip lay in Carron's works, delivered under the *contracts*. The £71,769 invoice price had not been paid.

Clause 1.3(1) of the General *Conditions of Delivery* and Payment provided "All goods delivered by us remain our property . . . until all debts owed to us including any balances existing . . . are settled . . ."

Following the receivers' appointment a dispute arose as to whether the 67,423 kilograms remained Thyssen's property by reason of clause 1.3(1), or formed part of Carron's assets available to its preferred or other creditors.

In February 1983 the receivers raised an action against Thyssen in the Court of Session claiming a declarator that Carron was owner of all steel supplied by Thyssen and delivered. Thyssen lodged a counterclaim for payment of the £71,769.

Lord Mayfield decided in favour of the receivers.

He was of the opinion that Scots law as the *lex situs*, governed ownership of the goods; that according to that law, clause 1.3(1) amounted to an ineffective attempt to create a right of security over the steel strip without transfer of possession; and that property in the steel strip passed to Carron on delivery.

In reaching that conclusion, the Lord Ordinary followed two decisions of Lord Ross in the Outer House, *Deutz Engines v Terex 1984 SLT 273* and *Emerald Stainless Steel v South Side Distributions Ltd 1983 SLT 162*.

Thyssen reclaimed. The reclaiming action was heard by the Second Division.

It found in favour of the receivers on substantially the same grounds as the Lord Ordinary, namely that clause 1.3(1) constituted an attempt, ineffective under the law of Scotland, to create a right of security over corporeal moveables without transfer of possession, and that the property in the steel strip had passed to Carron on delivery.

Thyssen now appealed.

It was well-settled in the law of Scotland that in a contract for the sale of corporeal moveables a condition that notwithstanding delivery ownership should not pass until the price had been paid, was valid and effective.

In the present case Thyssen, owner of the steel strip, transferred possession to Carron under what was unquestionably a contract of sale. There was no question of Thyssen creating a right of security.

Thyssen was not in the position of a debtor seeking to give a right of security to a creditor. It was *a creditor*. Carron obtained possession subject to a condition that it should not obtain the property until it had paid.

Could it be said that Carron somehow attempted to create a security over the goods in favour of Thyssen?

To do so it would have to have both ownership and possession, *actual or constructive*, of the goods. The essence of a right in security was that the debtor retained at least an ultimate right to the goods.

Carron could only retain an ultimate right to the goods if the contract of sale gave it the property in the goods. But the contract said the property in the goods was not to pass until all debts had been paid.

This was far removed from the situation where a party in possession of corporeal moveables *was seeking to create a* subordinate right in favour of a creditor while retaining the ultimate right to himself.

It was true that by entering into the contract of sale Carron agreed that Thyssen would in effect have security over the goods after they had come into Carron's possession.

But at that stage Carron had no interest in any particular goods. It was never in a position to confer on Thyssen any subordinate right over the steel strip.

Section 17 of the Sale of Goods Act 1979 provided that under a contract for sale of *specific goods "the property in* them is transferred to the buyer at such time as the parties to the contract intend"; and that for the purpose of ascertaining intention "regard shall be had to the terms of the contract".

In the contract the parties clearly expressed their intention that property in the steel *strip should not pass to Carron* until all debts had been paid. There were no grounds for refusing to give effect to that intention.

Further, section 19(1) provided that under a contract for sale of specific goods "the seller may, by the terms of the contract . . . reserve the right of disposal of the goods until certain conditions are fulfilled"; and notwithstanding delivery "property in the goods does not pass to the buyer until the con*ditions imposed by the seller* are fulfilled".

Here Thyssen, by the terms of the contract, had in effect reserved the right of disposal of the steel strip until fulfilment of the condition. By virtue of the enactment, the effect was that property did not pass to Carron until the condition had been fulfilled.

Counsel for Carron argued *that "conditions" in section* 19(1) must be read as excluding any condition which had the effect of creating a right of security over the goods.

A provision reserving title to the seller until payment of all *debts due could not be* regarded as amounting to creation by the buyer of a right of security in favour of the seller. Such provision did in a sense give the seller security for the buyers' unpaid debts. But it did so by way of legitimate retention of title, not by virtue of any right over his own property conferred by the buyer.

In all cases where a right of security was conferred the debtor retained an ultimate right over the subject matter in question. The creditor having realised out of that subject matter a sufficient sum to meet the debt, was obliged to account to the debtor for any surplus.

Where the seller retained title until some condition had been satisfied and, on failure of satisfaction, repossessed the goods, he was not obliged to *account to the buyer for any* part of their value. If the market price rose so that the goods were worth more than the contract price, the extra value belonged to the unpaid seller.

That was clearly the position where the condition related to payment for the actual goods. It went to show that the retention of title provision did not create a right of security forming an exception to the general rule requiring possession by the creditor.

The same was true where the provision covered not only the price of the goods, but also debts due to the seller under *other contracts*.

The judges of the Second Division placed some reliance on section 62(4), which provided that the Act's provisions about contracts of sale did not apply to "a transaction in the form of a contract of sale which is intended to operate by way of . . . security".

Clause 1.3(1) in itself was not *a transaction* in the form of a contract of sale. It was simply one of the conditions of what was a genuine contract of sale. Section 62(4) did not apply.

The reasoning of the Lord Ordinary and of the judges of the Second Division was erroneous, as was that of Lord Ross in *Emerald Stainless Steel*, and in *Deutz Engines*.

Clause 1.3(1) was valid and effective. The appeal was allowed.

For Thyssen: Jonathan Mance QC and JW McNeill (Pritchard Englefield & Tobin)
For the receivers: James E Drummond-Young QC and Neil F Davidson (Masons)

Rachel Davies
Barrister

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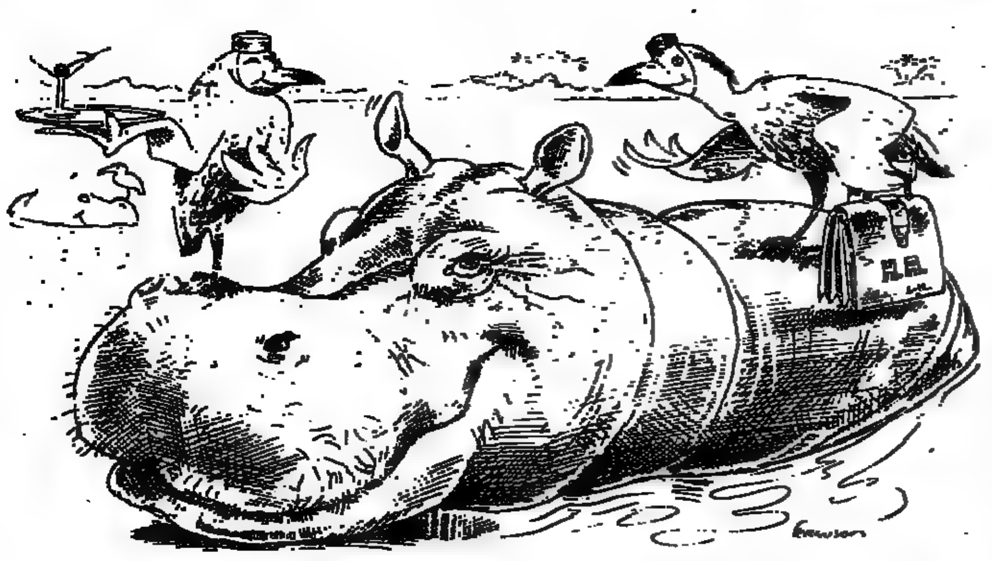
MANAGEMENT



Unending striving for customer satisfaction

Thomas Kempner reflects on a journey of discovery

There was something different about the aircraft. The seats were clean and fresh and without the uncomfortable indentations of thousands of bottoms of different size. The cabin crew seemed to realise that it was now several hours since we had left home – including the usual long hassle with check-in and airport formalities.

Check-in had been unusually smooth and helpful. The high level of service was maintained through the night as we flew to the Far East.

Sleep was not interrupted by unnecessary announcements telling passengers the obvious. The loos were kept clean and the cabin staff did not have a furtive smoke and drink in the galley; nor did they treat any request from passengers as an unwarranted intrusion.

It was an airline we had used before – a Far Eastern one – and, if anything, its standards had improved even further since our previous visit.

Our hotels in Singapore – and later in Hong Kong – were, as always, exceptionally good and gave a quality of service which could not be bettered. They were expensive but still much cheaper than their London equivalents.

And oh, the difference in service. We were met at the airport, and driven to the hotel. A short while before we arrived, the driver spoke on the carphone to reception. We were taken straight up to our room by an assistant who had already filled in our registration form ready for us to sign. Immediately a bowl of fruit arrived and some tea, followed by our luggage.

Did we have any other requests? Yes, and they were dealt with at once.

None of these services, taken separately, is difficult to achieve or even unusual. The difference here was that they all happened and they worked. The impact on the customer is obvious; he or she will become a customer for life.

Later, and still intrigued, I reflected on these experiences. Where had those who provided the services learnt about pleasing customers? Who had taught them? What part had the force of competition played? Was their courtesy and good manners natural or had it been learnt?

So I started to make enquiries among the airlines and hotels. Yes, they told me, tough competition was a factor and, for a time, so was an easier labour market – although now that had largely changed. But the creation of an excellent service had not happened by chance – far from it.

They had established deliberate policies of training and re-training which had resulted in their becoming customer-driven organisations. It had not been easy and it had taken time.

Front-line staff who deal daily with customers had, in successful cases, the power to handle each client in a personal way and to cope with the unexpected. They could do this because they were confident about their organisation's ethos and purpose. Moreover, as I discovered later, they believed that any feedback from customers which they passed on to higher levels of management would be acted upon.

As I listened to stories of success and failure I realised that the key to achievement is a realisation that customer service is a strategic more than a tactical matter. The difference is crucial. Tactics requires high quality day-to-day operations; these include good housekeeping and cost-control, recruitment and training of the right staff, cleanliness and refurbishment of premises.

All these are important but are useless without an appropriate strategic context. This, and it requires much thought, is established by a preliminary identification of, and agreement on, the current and future direction of the business. It is crucial to be clear about the market segment or type of customer, price levels and brand image with which the product or service will be identified compared with the competition.

Only after these factors have been addressed will it be possible to move to the tactical agenda. Then a number of steps have to be taken, some of them simultaneously. Number one, and often done rather badly because senior management generally has no experience of directly addressing staff, is to convince them that any new arrangements are sensible and workable.

It will be necessary to overcome a high degree of cynicism; any new scheme will be viewed as another short-term fashion, implemented half-heartedly with inadequate resources. So important is it to win the commitment of employees, or at least a willingness on their part to suspend disbelief, that some experts believe senior management will need training in how to put over their case. Few senior managers realise how unconvincing they sound – and their staff are unlikely to tell them.

At the same time an independent survey should be undertaken to find out what customers think of the business now, what improvements to service they would wish to see, and how they see the competition.

Some of the demands the survey will throw up may seem far-fetched and unrealistic but they should not be dismissed at this stage. Customer expectations must be considered in tandem with the views of staff, particularly their ideas about the removal of barriers to improved service. Disputes, often of long standing, between different departments and layers of management must be identified and their causes removed.

This may prove to be difficult because it may require organisational and physical restructuring. For example, systems grow up over time to suit administrative convenience or serve a demand now long obsolete. But the system persists and has strong defenders from those who are its beneficiaries.

Similarly, the physical design of a hotel bedroom or dining room, the reception facilities at an airport, lay-out of an aircraft galley, may all militate against a high level of service. Computer and management information systems may have been designed for something else and may soon become out-of-date. All systems, and the people who have invested time in learning to use them, are a powerful force for inertia and in favour of the status quo.

Training is required – and not just at the junior levels. The most senior people must take part and be seen to be doing so.

Training and implementation of new systems will establish benchmarks about the responsiveness and speed of service. It will also, or should, give staff an indication that they are being encouraged to use their initiative when dealing with customers. This may be a difficult concept for management to grasp because the results are far less predictable than when staff are only allowed to respond to instructions as laid down. Yet one of the tests of well-trained and motivated staff is their instinctive knowledge of how to respond to the unusual.

Successful organisations are constantly searching for something particularly elusive: the unique selling proposition, the USP, which differentiates what they do from their competitors. Some firms have established an enviable niche at the top end of the market where they can charge a high price. Examples are Rolls-Royce for engineering quality, the London Savoy for service, the Regent in Hong Kong and the Shangri-la in Singapore for all-round customer care.

However, the top end of the market is not the real test. Much more difficult is to do the same for large volume businesses.

In the motor car market, Volvo and and some of the Japanese manufacturers have achieved high quality, reliability and after-sales service. British Airways has made huge improvements and so have some building societies. No bank, at least in Europe, has even begun to tackle the problem of customer care. The first one which does so will jump far ahead of its competitors.

It is not easy or cheap to implement radical changes at all levels of an organisation. It takes time – and time to correct any mistakes.

And it is also important to remember that, having put in all the hard work to establish a name for quality, that is just the start. The search, the striving for customer satisfaction, is unending.

Thomas Kempner is emeritus professor at Henley, the Management College, from which he recently retired as principal, and is an honorary professor at Brunel University.

Strategic change

In topsy-turvey fashion

Simon Holberton explains how foreign manufacturers trying to succeed in Japan should go about their operations

What do pharmaceuticals, computers, refrigerators, air conditioners, soft drinks and coffee-makers have in common? In Japan, foreign companies once possessed market leadership; now they do not.

Foreign companies in Japan are facing a crisis borne of their inability to match Japanese manufacturers' virtual continuous product development – in the soft drinks market, about 1,000 new products appear annually of which one per cent see their second birthday – and dogged assault on channels of distribution.

According to two McKinsey & Company executives, Kevin Jones and Tatsuo Ohbora*, the economic structure of Japanese industry supports a style of competition that requires a profound change in the way managers of foreign companies in Japan approach their businesses. To succeed there, and possibly globally, western companies have to become a little Japanese.

A century ago, foreign residents in Japan used to refer to it as the "upside down land". The contrast Jones and Ohbora provide of the typical western versus the typically Japanese attitude to products, markets and business underlines the continuing relevance of that observation which they term "heretical".

Western business practice is based on a rational assessment of options for a market and a form of decision-making to determine action. Formal contracts define the relationship between manufacturer and supplier; distributors are channels for sales – to be taken up or dropped depending on success – not sources of market intelligence and networks to be nurtured.

In Japan the opposite applies. The foundation of Japanese competitive style is what the authors call "soft integration" - an inter-related industry structure that makes suppliers and distributors far more responsive than they are in the west.

Whereas the classic western concept of industrial integration depends on ownership, in Japan integration works by association and minimal ownership. The typical characteristics of soft integration are: many companies providing the supply and distribution network for the "mother" company; a high level of self-sufficiency (particularly in design) in the tasks suppliers perform; and strong links among the firms, particularly in terms of personnel exchange. These inter-firm relationships are not contractual.

Soft integration is also critical in distribution. Distributors and retailers in Japan tend to push the products of one company and there is an extensive sharing of information. Jones and Ohbora observe that the alliance between distributors and a primary manufacturer means that the former supply a lot of information on products which they consider the manufacturer ought to make.

Maintaining shelf-space

But the relationship is, nevertheless, soft not hard. Toshiba stole the march on all its competitors when it introduced its lap-top computer. Retail outlets associated with NEC now stock Toshiba's computer. Getting on to distributors' lists "depends primarily on novelty, not margins; maintaining shelf-space depends on volume, not margins."

The style of decision-making in Japanese companies – eclectic and "fuzzy" as opposed to architectural and "rational" – lends itself to rapid competitive moves. (It probably also enables Japanese companies to engage in successful horizontal diversification, such as the move by Kao, Japan's largest consumer products company, into floppy discs and the move by Panasonic, the electronics subsidiary of Matsushita, into designer bicycles.)

"Under the architectural approach, solutions usually link elements together into a unified strategic road map that is a mirror image of the problem. . .Under the eclectic model there frequently emerges a patchwork of action plans reflecting the range of issues involved. . .And this approach has no specific doctrine. Solutions and methods derived from the architectural model can be viewed with interest, if relevant, or ignored, if not. . .The reverse is not true. The architectural rejects the eclectic, a priori."

The goals and objectives of Japanese companies buttress this decision-making style and reflect "a desire for corporate survival and leadership, not a fixation on such measures as return on equity". Judging performance against goals tends to be qualitative, not quantitative and where it is the latter the measure tends to be return on sales.

So how does our embattled foreign company in Japan respond to all of this? The authors maintain that the choice facing foreign companies is change or fail.

The investment by foreign companies in "rational overhead" – the architectural approach to product development, the exhaustive marketing driven by short term goals, and the internal advocacy approach to decision making – needs to be cut. In a market where new products are produced with astonishing frequency the rational overhead "means we take a long time to make bad decisions", in the words of one of the authors' informants.

Foreign companies have to devote more time and effort to developing distribution channels and accept that what motivated the distributor is not price but product novelty. Companies also have to exploit the Japanese sub-contractor system. "Only a few companies exploit the network for product development or have learned to work effectively with Japanese suppliers."

Most challenging of all, however, is the recommendation for foreign companies to ditch their "colonial" management approach. Stop treating subsidiaries in Japan as passive consumers of a global product development machine, as that makes it very difficult for them to compete.

Managing the "heretical" company. McKinsey Quarterly, 1990, No.3. from: McKinsey & Company, 74 St James's Street, London, SW1A 1PS.

Paul Cheeseright sees plans for a power station fuelled by tyres

Energy from burnt rubber

Tyres burning out of control are an environmental hazard, but in controlled conditions are an alternative source of energy

The UK's first plant to generate energy from redundant tyres will use proven technology refined to meet the more stringent environmental standards coming into force on emission controls.

Plans for the £36m plant, on the site of an old iron foundry in Wolverhampton, West Midlands, were approved yesterday by the Wolverhampton Metropolitan Borough Council's planning and development committee. The project could absorb up to 45 per cent of the tyres scrapped each year in the UK to provide enough power for 20,000 homes, or, put another way, for a 20 Megawatt generating plant.

The technology chosen by Elm Energy and Recycling (UK), the promoters of the project, comes from Basic Environmental Engineering of Illinois and, in one form or another, is used in 125 US plants constructed since 1970. In the British case there will be five production lines feeding into one generating set.

The initial stages of the power generation process are quite orthodox. The tyres are inserted into a boiler. The burning creates heat which is turned into steam and the steam goes through into the turbine generator set. But there is an additional process at work simultaneously and it sets off the generation of power out of tyres from ordinary power stations using fossil fuels.

The initial combustion of the tyres burns off their rubber but the Basic technology uses re-burn tunnels where the heat rises to 2,000 deg F. Normal power stations do not have, and do not need, the tunnels. The purpose of them is to burn off more than half of the nitrous oxides and all the dioxins: the higher the temperature the easier it is to do.

It is at this stage that the refinement to proven technology comes into play. Once the particulates remaining from the re-burn have cooled they are directed to a bag house. This is a system consisting of Gore-Tex fabric filters which trap the particulates that have a high zinc content.

The gases meanwhile are treated with lime to remove the sulphur in a scrubber, not dissimilar from those used in coal-fired power stations.

Combination of the bag house and the scrubber takes further the process of emission control which has emerged in the US. The latest plant of this type to start operations, last year in Oklahoma, has a bag house but no scrubber. Other earlier plants may have neither but, according to Anne Evans, managing director of Elm Energy, still manage to meet Environment Protection Agency standards.

At present there is no British standard for tyre-burning power plants (there has not been the need) but one is being written to cope with the Elm project. In 1992, however, this will be superseded by the European Community standard. Evans claimed that the Elm project would have emissions of 10 per cent of that level.

The process of emission control is also important for the finances of the project. Elm is tight-lipped about this but it is reasonable to assume that around 20 per cent of the income will come from revenue streams other than the sale of power. The first of these streams is calcines, that is the high zinc content particulates which are trapped in the bag house. The second comes from the scrubber waste, a compound like gypsum which is used in the building industry. Third, the initial burning of the tyres leaves ferrous metals in the boiler grate which can be sold to steel scrap processors. Additionally, Elm collects a fee from those seeking to dispose of tyres.

The sale of power is secured by a contract with Midlands Electricity but there is a margin of subsidy which arises from the UK government's policies both on cleaning up the environment and on encouraging the use of non-fossil fuels. This should have the effect of allowing the initial investors in the project a shorter payback period. The power sales should cover the debt obligations into which Elm will enter. Sale of the by-products thus becomes icing on the cake.

The subsidy arises from the Department of Energy's Non-Fossil Fuel Obligation. Midlands Electricity will buy power from Elm as if it were buying from the national grid. But the Non-Fossil Fuel Obligation effectively meets the difference between the selling price and the production price.

The project is officially classified as a Non-Fossil Fuel Renewable Energy Project set up under the terms of the Electricity Act 1989 and, indeed, is the largest scheme under the Government's plan to foster renewable forms of energy. The Wolverhampton discussions were the last phase of the moves towards regulatory approval and the next steps towards a commissioning of the plant in 1992 are largely financial and organisational.

There will be three equity holders. They will put up around £12m of the project costs. Arrangements for debt financing of the balance should be put in place over the next few weeks, but first the equity structure needs to be settled.

Digital throws the door 'open'

Louise Kehoe on yesterday's announcement of a shift in strategy

After suffering a two-year earnings slump, Digital Equipment, the world's second-largest computer manufacturer, has swallowed some bitter medicine. In a strategic move to regain market momentum, Digital said yesterday that it plans to adapt its prized proprietary computer hardware and software to fit "open systems" standards.

For Digital, which has built its business primarily upon the concept of a broad, compatible but proprietary product line, centred upon its VAX minicomputers running the VMS operating system, yesterday's announcement represents a significant shift of direction.

The company has acknowledged that computer users are demanding "open systems" – which adhere to common standards and which work with other manufacturers' software and data – and that this trend demands a change it its approach to computing.

Previously, Digital had recognised the movement towards open systems and offered a version of Unix, the increasingly popular AT&T computer operating system, as an alternative to its own proprietary software.

There was seldom doubt, however, that Digital considered Unix to be second best. "We market Unix and VMS with equal enthusiasm, but when the customer can choose, he often chooses VMS," Kenneth Olsen, Digital president, said as recently as three months ago. It will be several years, he maintained, before Unix becomes a "world class commercial operating system" with all of the features of VMS.

Digital now aims, however, to incorporate open systems standards into VMS and to adapt its VAX architecture to incorporate Reduced Instruction Set Computing (Risc). The company aims to maintain the advantages that it claims for its proprietary systems while incorporating aspects of open systems that computer buyers are demanding.

While the trend towards open systems has frequently been portrayed as a shift away from proprietary operating systems software towards Unix, what computers users really want, Digital maintains, is "interoperability".

"Computer users are becoming more knowledgeable about open systems. Users want the ability to interoperate – to share data and interact with other applications on any computer over the network; the ability to port – to take an application written for one system and run it on another; and to take users already familiar with one system and bring them up to speed on another," observed William Demmer, vice president of VAX VMS Systems and Servers.

The standards to be incorporated in VMS will make it "as easy to port many Unix applications to VMS as it is to port those applications between different versions of Unix" Demmer claimed.

"Of course portability works two ways," Demmer acknowledged. It will become easier for users or software developers to adapt the applications designed to run on Digital's VMS to work on competitor's Unix-based systems. To maintain its competitive advantage, however, Digital aims to improve the price-performance ratings of its computers.

digital

Digital aims to maintain the advantages that it claims for its proprietary systems while incorporating aspects of open systems that computer buyers are demanding

Yesterday Digital introduced, for example, the VAX 6000 model 500, a new mid-range general purpose minicomputer that offers 85 per cent more processing power than the current VAX 6000, but costs only 18 per cent more. Next week, Digital is expected to announce upgrades to its line of computer workstations.

Beginning in two to three years' time, Digtial plans to revamp its key VAX minicomputer hardware to a Risc architecture. The shift is seen as a response to competitive pressures from high-speed Risc-based workstations that rival the performance of Digital's minicomputers. Hewlett-Packard, one of Digital's largest competitors in the minicomputer market, has also adopted a Risc architecture.

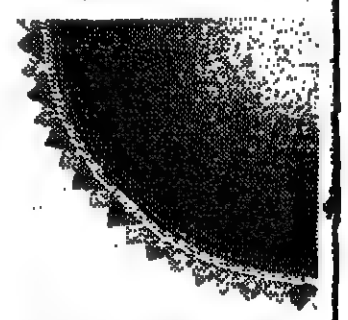
Risc processors perform large numbers of simplified instructions at great speed, unlike conventional processors which perform complex instructions. Single chip Risc processors are currently used to power high-performance computer workstations including those offered by Digital and its competitors.

A critical question is whether Digital will develop its own Risc processor internally or adopt a processor offered by one of the leading microprocessor chip companies such as Intel, Motorola or MIPs Computer.

Two years ago, Digital abandoned plans to create its own Risc chips for new workstation products and instead turned to MIPs Computer. Further demonstrating its willingness to use standard microprocessor chips, Digital last week introduced a new range of computer systems based on industry-standard Intel microprocessors.

But Digital's projection of a two- to three-year period before it begins using Risc processors in its core products suggests that it plans to develop its own Risc architecture.

In the meantime, Digital faces intense competition in a sluggish computer market. While its product upgrades and statements of direction on software standards and hardware architecture may soothe the nerves of some of its customers, Digital's real challenge is to be ready to take advantage of the next upturn in computer sales, whenever that occurs.



WORTH WATCHING
by Della Bradshaw

Reflections on the colour gold

A SIMPLE, non-toxic mineral pigment is the basis of a brilliant new colour effect invented by BASF scientists in the central research laboratories in Ludwigshafen, Germany, writes David Fishlock.

The process deposits a transparent film of iron oxide (haematite) on fine flakes of aluminium. Different things happen simultaneously to light striking the coating: some is reflected from the underlying aluminium; some is reflected from the surface of the coating; and some is absorbed by the coating. When used as a paint pigment, the sum of these three effects is a metallic sheen which varies in colour according to the angle from which it is viewed.

BASF plans to launch its new pigment initially as a metallic gold, called Paliocrom Gold, but other effects are planned. A red-gold effect can be produced by coating flakes of the mineral mica with iron oxide and titanium dioxide, while a blue sheen can be created by reducing titanium dioxide with ammonia.

For the manufacturer, one big advantage of this approach is that it reduces the environmental safety testing expected on any new synthetic pigment. BASF is investing in a process to make 150 tonnes of the product a year, expected to come on stream next summer.

Seeing through designer labels

A TINY hologram could help prevent counterfeit goods, such as imitation designer clothes, from ever reaching the retail racks and shelves.

Developed by Light Impressions, of Leatherhead, the Cryptogram, as it is called, is a tiny dot which can be used discreetly as part of a tag or design label.

The secret of the Cryptogram is that it has been designed to look like a shiny spot on the label when viewed in normal daylight. But when the intense and direct light of a laser pen is shone on it the secret code is revealed - in the same way as "invisible ink" reveals its secrets when the paper is heated.

The developers of the Cryptogram say the dot could also be incorporated into larger holograms to give extra security for other goods.

The best bit of a beverage can

CARDBOARD beverage cartons lined with plastic and aluminium are now used for everything from orange juice to wine. But although the cardboard outer shell is easy to recycle economically, the lining has so far been ignored.

Now the University of Aachen in Germany, in conjunction with the Alliance for Beverage Cartons and the Environment, in Wiesbaden, has developed a way of recycling this silvery lining of aluminium and polyethylene. A trial plant has been set up to see whether the materials can be processed economically.

The process involves submersing the metal and plastic lining in a solvent which has been heated to 140 deg C. The plastic dissolves and separates from the aluminium so both can be re-used.

Off the moon and into the woods

A SPACE age robotic vehicle, originally designed to walk on the moon, has been walking on the forested slopes of southwest Virginia to determine whether it can successfully be used through mountain tree nurseries and low lying wetland alike, writes Robin Burton.

The aim of the study was to assess the capabilities of the unusual vehicle and its suitability for operations such as timber harvesting in areas where a wheeled truck or tractor would not normally be able to go.

The prototype had several disadvantages: it was made of aluminium which would not stand up to very heavy work; and it had loops of hydraulic hose in positions where they tended to snag stumps. But it did demonstrate that it could walk backwards, forwards, and sideways on its six legs. Each leg had a flat "shoe" to prevent it sticking into the ground when traversing rough, steep or wet terrain.

The field tests were carried out by the US Department of Agriculture in co-operation with the Forest Service, two universities and other interested bodies.

Food lights up with freshness

FOOD as diverse as minestrone soup, beef curry and chilli con carne is being produced by a new method which gives it as long a shelf life as canned food but without the resulting deterioration in texture and quality.

The meals, from Sous Chef of Deeside and intended for the catering industry, use a technique called ohmic heating, in which an electric current is passed through the food while it is under pressure. The electric charge means that heat is generated inside the food, so that the solids can be heated as quickly as liquids.

Although any bacteria present are killed by the charge, the speed of the process means the food remains intact. Once vacuum packed, the meal has a shelf life of up to a year.

Contacts: BASF: Germany, 621 60[illegible]. Light Impressions: UK, 0372 [illegible]. Alliance for Beverage Cartons and the Environment: Germany, 611 [illegible]. USDA: US, 202 [illegible]. Sous Chef: 0244 [illegible].

In the shadow of Vesuvius

View of Naples from Baroque to Romanticism

London, 26th October - 27th November 1990
Accademia Italiana delle Arti e delle Arti Applicate
24, Rutland Gate, London SW7

The exhibition «In the Shadow of Vesuvius», sponsored by IRI, was originally held in Naples between May and July this year and was highly acclaimed.
The exhibition is now in London, and this is certainly no coincidence.
The original exhibition focused on the connection between Naples and the many foreign artists who visited the city, many of whom were British. Naples, the capital of the Kingdom of the Two Sicilies, was renowned for encouraging the spreading and exchange of culture across its borders, as a great European capital should do.
IRI, the largest conglomerate in Italy, has been operating in Naples for a long time in a wide range of activities - electronics, information technology, shipbuilding, steelworks, telecommunications, transport. The sponsorship by the IRI Group of both the Naples and London exhibitions testifyes on one hand, the desire to preserve the history of this great city and, on the other, an international commitment, made even more timely by the fast approaching European Single Market.
The very theme of the exhibition - great «views» of the city and bay - involves insight into the relationship between man and nature, city and country, man and history, great architecture and back alleyways, all of which are part and parcel of today's new-found love of «the land».
Naples in the 18th century,and especially at the turn of that century, was home to an Anglo-Italian society set in the fertile cosmopolitan cultural climate of the Enlightenment.
The links between Britain and the Kingdom of Naples were not only artistic; there were strong commercial connections too. Naples was the farthest point south on the Grand Tour for many rich young travellers. These connections were born of the extraordinary progress achieved in the British textile industry and in the field of mechanics, which were to contribute to the beginnings of modern industry in Southern Italy in the early decades of the 19th century, and to Italy's first railway line, full of symbolic importance, which linked Naples and Portici.
The works gathered in this exhibition enable us to revisit the Neapolitan history, both high and popular cultures, in the warm and luminous tones of landscapes now world-famous. First and foremost though, these works stand to signify the heartfelt wish of the IRI Group, that the great European market will be a perfect occasion to renew the traditional bonds of friendship between our two countries.

Franco Nobili

Franco Nobili
Chairman of IRI

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Fresh pastures for a US raider

By Vanessa Houlder

THOSE who think that the UK property market has problems should take a look at the US. After a decade of rapid expansion, the US has $160bn worth of vacant office space – enough to accommodate all the office workers of New York, Chicago, Los Angeles and San Francisco put together.

On the face of it, there could scarcely be a less alluring investment prospect. Yet any market in its death throes has its vultures. And in the US, one of the best known is Mr Sam Zell, a 48-year-old corporate raider and real estate magnate who rejoices in the title "the grave-dancer".

Sam Zell: the "grave-dancer"

This ghoulish nickname dates back to an article Mr Zell wrote in 1975, celebrating the pickings to be had from beleaguered real-estate investment trusts. He has continued to sport a counter-cyclical investment credo, buying and turning round a succession of distressed properties, troubled companies and corporations emerging from bankruptcy proceedings. His property empire, he says, is worth $5bn – although, significantly, he is reticent about the level of debt it carries.

Mr Zell makes a striking entrepreneur. Born in Chicago from Polish stock, he is short with narrow, piercingly blue eyes, a grizzled beard and a rasping voice. As a self-made man, he revels in non-conformity. Describing himself as "a product of the sixties", he dresses casually, talks aggressively and has a penchant for riding motorcycles around remote parts of the world.

But in spite of being a tycoon in his own right, Mr Zell is turning fund manager for a while. "We have created a couple of funds where we thought that the size and scope of the opportunities were beyond our capital resources," he says.

He is currently trying to drum up at least $250m from investors round the world for a fund with the grandiose title of Zell/Merrill Lynch Real Estate Opportunity Partners Limited Partnership II. He will be paid a percentage of profits after 100 per cent of the initial investment (of which he is putting up some 5 per cent) is paid back.

The new fund, which follows hard on the heels of a $1bn fund raised in July to invest in corporate financial restructurings, is a successor to a $400m property fund, raised two years ago.

The rationale for the new real estate fund is that Mr Zell believes that the US property industry is at a turning point. The colossal problems that resulted from overlending in the 1980s has taught the US banking industry the error of its ways, he reckons. "The growth in the pension fund assets and the general herd instinct all combined to increase the capital available far beyond the market's capacity to absorb it . . . Everywhere else in the world, capital is treated with a great deal more respect," he says.

The new-found reticence on the part of banks combined with belated regulatory zeal means that real estate will receive very little capital in the next five years, he reasons. "There is a watershed change. We are going from building for future demand to building for pent-up demand."

As a result, he thinks that property values will rise significantly when the market comes out of its trough. The tricky bit is judging when that will be. "The name of the game is picking the point at which it stops going down and betting on how long it will take to turn," he says.

In addition to calling the turn, Mr Zell reckons to add value by reducing the vacancy rates in distressed properties. Potential tenants worried that buildings will fall into disrepair, will be reassured by his capital and management resources.

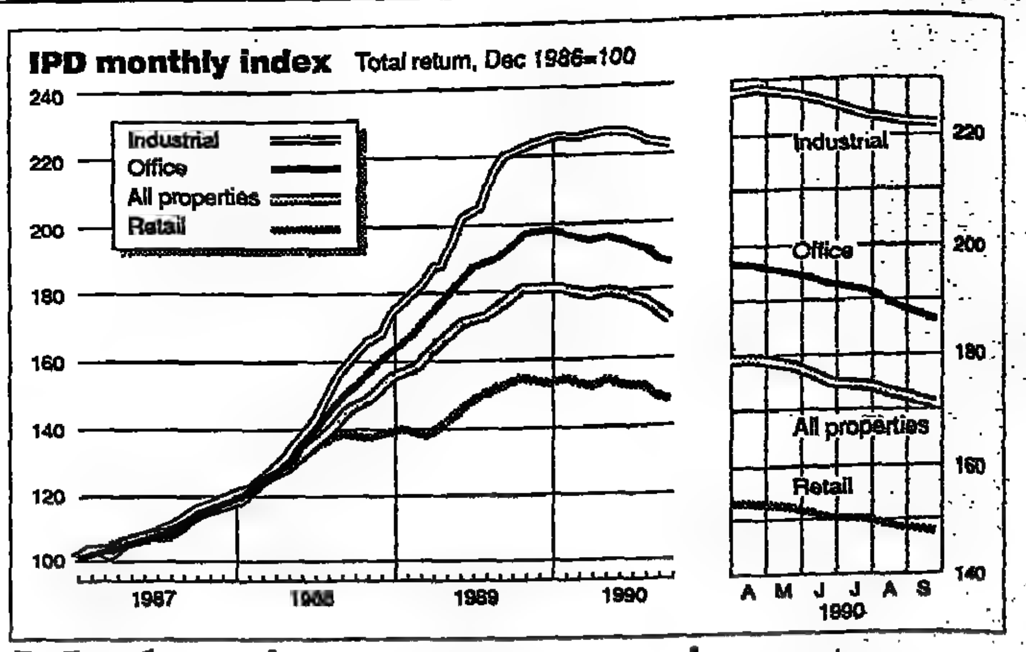
"Since the average asset that we acquire is significantly underlet, it requires a high level of entrepreneurial talent to change its leasing characteristics," he says. "If a building is in trouble, the whole market knows it and there is serious trepidation of behalf of tenants as to how it will be maintained. We change the market's perception."

In general, he foresees difficulties of large proportions for some 36 to 48 months. However, different parts of the market will respond at different rates. In south west Texas and Louisiana where there has been no recent construction, prices are starting to firm, he says.

Mr Zell points to his first property fund as evidence that it is possible to make money in the bombed-out US property market. Properties which cost $150 a square foot have been bought for $30 a sq ft. Now, he says, they could be sold at $70 a sq ft. "The price now reflects futures – people's perception of the fact that things are going to be better in the future," he comments.

The key to making money is selectivity. "We buy prime sites, prime buildings, prime locations where the problem was excess supply, not dud buildings." He is not, for instance, interested in the properties being hawked by the Resolution Trust Corporation, which has picked up the pieces from the Savings & Loans fiasco. The S&Ls, he says, had ended up lending to dodgy projects because high quality developers already had well-established links with creditors. "Those assets are not worth buying," he growls.

Investing in US real estate just now might seem the gamble of a lifetime. But Mr Zell is breezily confident. "Our risk is that we are buying properties that are, on average, 50-60 per cent let. Our reward is that the properties cost 50-60 per cent of what they cost to put up. The risk/reward ratio is attractive . . . I would suggest that we are extraordinarily risk averse."



Modest improvement in returns

THE latest figures from the Investment Property Databank suggest a modest improvement in the retail and office markets, although the research body is loathe to read this as a turning point.

"There is little hard evidence yet that the market cycle has turned, and some evidence that rental growth has finally deserted even the industrial sector," it said.

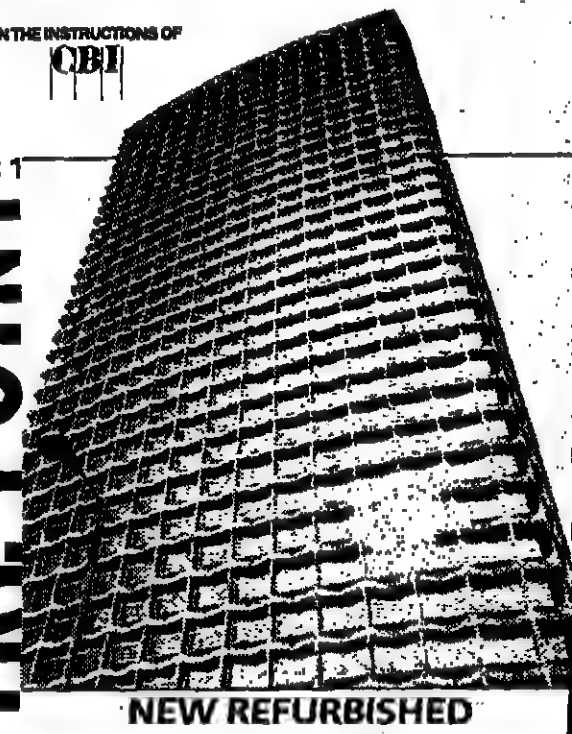
In the retail sector, both capital growth and total return increased by 1 per cent to -0.9 per cent and -0.4 per cent respectively in September. The total return figure for the third quarter showed a continued deterioration, albeit at a slower rate than the other sectors.

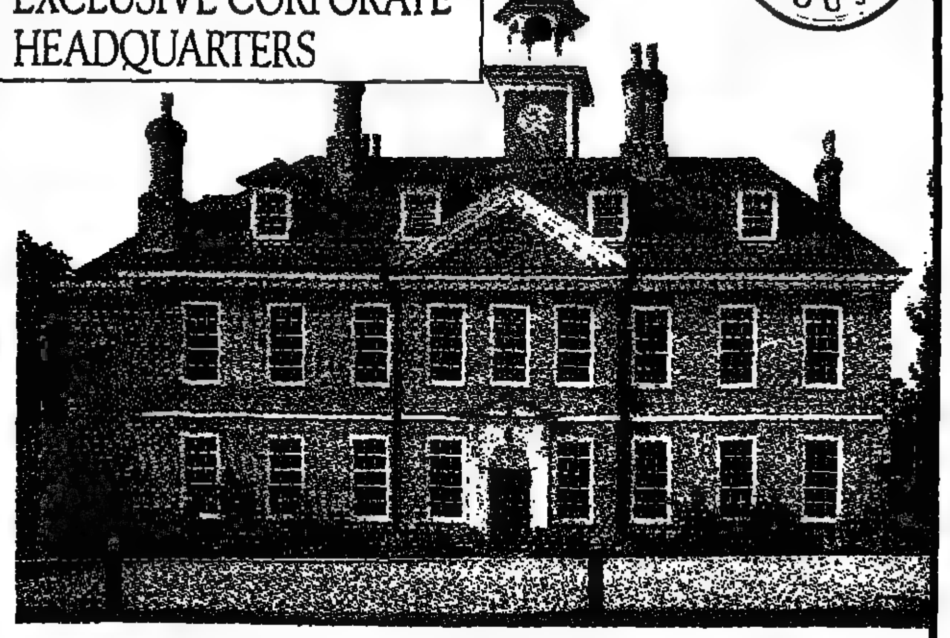
The office market remained the worst performing sector even though its total returns increased by 0.9 per cent in September, bringing it to a level of -1.0 per cent. Offices were also the worst performing sector for the quarter with a return of -3.9 per cent, which compares with first and second quarter returns of 0.1 per cent and -3.9 per cent respectively.

The industrial sector's rental value growth of 0.1 per cent was the lowest increase registered by the sector this year and moreover, lagged behind that of the other two sectors this month.

The total return in the industrial sector was -0.3 per cent for the month, with a total return for the third quarter of -1.8 per cent. Capital growth of -0.9 per cent was the same as that of August.

The year-on-year total return is currently 2.1 per cent for industrial, -3.4 per cent for offices and -3.9 per cent for retail.





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EXHIBITIONS

London

Royal Academy of Arts. Monet in the 90s: The Series Paintings. The long-awaited blockbuster exhibition has opened in London sending reviewers scurrying to explain the artist's double vision. Burlington House, Piccadilly (287 9579).
Hayward Gallery. Eduardo Chillida. Major retrospective of the Spanish sculptor (261 0127).

Paris

Carte musées et monuments sold in museums and metro stations enable visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles.
Galerie Maurice Garnier. Bernard Buffet – La Bretagne. In hisunmistakable spiky handwriting, the painter beloved by theJapanese, pays homage to Brittany's ports and beaches.6, ave Matignon (42256165). Closed Sun, Mon and lunchtimes.
Grand Palais. Biennale Internationale des Antiquaires. Under the sign of Love in Art, 150 antique dealers, both French and foreign, cover a wide range of periods and styles and present their prestigious exhibits in a *mise en scene* evoking the splendour of the 18th century. Ends October 7.
Louvre. Euphronios. Some 60 objects, craters, amphoras and bowls testify to the art of Euphronios, painter and potter in the 6th century BC in Athens, in mastering the technique of red figures on black background. Euphronios and his friends of the Pioneers Group bring invention and originality to their representations of mythological subjects and scenes from everyday life. Open all days from 12 am to 10 pm, except Tuesdays. Ends Dec 31 (40205166).
Grand Palais. Picasso. A portrait of Jacqueline Picasso with her hands crossed round her knees is the symbol and the central point of an exhibition of 47 paintings, two sculptures, 40 drawings, 24 sketchbooks, 19 ceramics and 247 engravings and lithographs which have come to enrich, in lieu of death duties, the French national collections. The exhibition begins with the blue period and ends with the obsessive erotic works of Picasso's last 10 years. A period whose importance has only recently been recognised. Closed Tue, Wed late closing, ends January 14.
Galerie d'Art Saint Honoré. The Magic of Flemish Art. The paintings assembled by Monika Kruch are of such remarkable quality that the visitor is yet again enchanted by the transparency of glass, the softness of blue velvet and the pulpous texture of fruit in Jansz de Heem's still life. There is a touching version of Pieter Brueghel the Younger's *Adoration of the Magi*, where he is believed to have portrayed his father as one of the men following the three kings. The glory of colours and perfection of execution of Abraham Mignon's *Bouquet of Tulips* exemplifies the 17th century tulip-mania. 267, rue Saint-Honoré. Closed Sat, Sun; ends November 30 (42601503).

Martigny

Fondation Pierre Gianadda. Modigliani. Some 50 oils, as many drawings and some sculptures form an important retrospective of the Italian-born artist living at the beginning of the century in the feverish atmosphere of Montparnasse and Montmartre. In contrast, the rather stylised two-dimensional portraits of his friends and of Jeanne Hebuterne, his last and tragic companion, embody perfect repose. (26 223978).

Brussels

Musée d'Ixelles. *L'Impressionisme et le Fauvisme en Belgique* is a major exhibition of Belgian painting from the 1880s to the 1920s. While several artists followed the lead of French impressionists and German expressionists, others such as Claus, Stobbaerts, Wouters have a distinct and increasingly valued style of their own. The finest show seen in Brussels for some time. Closed Mondays ends December 16.
Musées Royaux d'Art et d'Histoire. Inca-Peru an exhibition that traces the evolution and decline of the Inca culture through 450 artefacts. Closed Monday, ends December 31.
Palais des Beaux-Arts. 5 million years: The human adventure. Man's evolution shown through 200 archaeological artefacts and other exhibits. Daily, ends December 30.

Madrid

Fundacion Juan March. Cars. Andy Warhol's unfinished series ofcar drawings and paintings, commissioned by Daimler-Benz on thecentenary of the invention of the automobile, are now on view at the foundation on loan from Daimler-Benz in Stuttgart. Ends January.
Museo Espanol de Arte Contemporaneo. Domestic Scenes. Everydayimages of life in Spanish homes seen through the works of a wide range of top rate artists over a 500-year period. Starting with old masters such as Zurbaran, Velazquez, Murillo and Goya, through Sorolla and Casas, moving on to Picasso and Dali, and ending with contemporary A. Lopez and Barcelo. The exhibits have not been chronologically set out but are grouped in 20 different rooms each named after a different part of the house. Ends December 9.

Barcelona

Museo Picasso. Homage to Jacqueline – between 1954 and 1970 Jacqueline Roque was a constant source of inspiration for Pablo Picasso, they married in 1958. The exhibition brings together some 150 works including portraits, paintings, sculptures, prints and pottery, in an important retrospective of the last 20 years of Picasso's artistic life and a homage to his favourite model. Ends January.
Fundacion Miro. Joseph Beuys. Some 130 drawings on the theme oforiental philosophy in an interchange with the Keftner Gesellschaft in Hanover. Closed Mondays. Ends November 18.

Rome

American Academy: Giovanni Battista Piranesi: 135 engravings of Rome, made around 1770, the year of Piranesi's first visit to Rome,and the beginning of his long love-affair with the city. Recentlyacquired by the Arthur Ross foundation, this group of engravings includes a remarkable view of the colosseum, seen from high on theouter wall, the city's grand baroque palaces seen from surprisingangles and with dramatic light effects which make them almostsinister, and detailed accounts of the four main basilicas of christian Rome. ends Dec 16th.

Bologna

Pinacoteca Nazionale. Giuseppe Maria Crespi (1665-1747). Over 100 works by a late-flowering baroque painter, born in Bologna, whose works are now considered on a par with his distinguished predecessor, Guido Reni. His subjects range from the mythological, arcadian (endless wrestling nymphs and cherubs), to crowd scenes on local saint's days – on show is one of his best-known works in this series, the Fair at Poggio Caiano) and religious works, such as The Seven Sacraments series: the latter lent by the Staatsgalerie in Stuttgart, this exhibition's next stop. Ends November 10.

Düsseldorf

Kunstmuseum, Ehrenhof 5. Conrad Felixmueller. Around 80 paintings, 80 watercolours, drawings, 40 prints as well as five plastics by the expressionist painter are on display until October 28.

Hanover

Sprengel Museum. Kaethe Kollwitz (1867-1945). Eleven plastics, 70 paintings 70 prints of the politically radical artist are to be seen until October 28.

Berlin

Martin-Gropius-Bau, Stresemannstrasse 110. Bismarck's Prussia, Germany and Europe. This exhibition in Berlin will be the first organised by the German History Museum, with around 1,000 pieces on loan from 250 different museums from all over Europe and the US. Otto von Bismarck, born 175 years ago in Schoenhausen, was the German Imperial Chancellor and Prussia's premier before he was sacked by the young Kaiser Wilhelm II 100 years ago. Until November 25.

Frankfurt

Staedel museum has opened its new extension: 1,300 square metres display of 20th century art ranging from Picasso to Max Beckmann and Amseln Kiefer. For the opening ceremony there are four special exhibitions on the ground floor concentrading on Max Beckmann with works which have only be seen before in Leipzig, the hometown of the painter. Ends Jan 91.

New York

Brooklyn Museum. From pastoral landscapes to moonstruck mature fantasies, this comprehensive exhibit makes the claim for Albert Pinkham Ryder as the first modern American painter. Ends Jan 6.
Metropolitan Museum. Mexican art from pre-Columbian handicrafts to modern murals includes a majestic panorama with more than 300 works covering 30 centuries.
Pierpont Morgan Library. Treasures of Eton College Library covers 550 years of collecting, including drawings of royalty, manuscripts and books among 200 borrowed objects.

Washington

National Gallery. Artistic dividends of the end of the cold war continue with a comprehensive show of Suprematist Kasimir Malevich and his Soviet contemporaries with works never before lent by the Soviet Union. Ends Nov 4.

Chicago

Art Institute. One of Chicago's most noted conteporary artists returns home when Ed Paschke's travelling exhibit, which first appeared at the Pompidou Centre last year, arrives with 47 of the painter's day-glo portraits and landscapes.

Tokyo

Masterpieces of Japanese Art. This selection of 250 major works has been drawn together to mark the accession of the new Emperor. It includes rarely seen pieces from the Shosoin Treasurehouse in Nara, the Horyuji Temple, the Imperial Household collection and elsewhere. National Museum. Closed Mondays.
Hara Annual 10. Since its establishment ten years ago, this museum has held an annual show of young and emerging Japanese artists: an opportunity to observe new developments and directions in Japanese art. Hara Museum.

MUSIC

London

London Festival Orchestra. Handel, Mozart, Vivaldi (Sat). Barbican (071 638 8891).
Philharmonia conducted by Eliahu Inbal. Elisabeth Leonskaja (piano). Brahms, Dvorak (Sat). Royal Festival Hall (071 928 8800)
Dizzy Gillespie leads the United Nation Orchestra in a jazz night (Sun). Barbican.
London Philharmonic conducted by Klaus Tennstedt. Felicity Lott (soprano): Schubert, Mahler (Sun). Royal Festival Hall.
BBC Symphony Orchestra. Stephen hough (piano), David Wilson-Johnson (baritone). Gerhard, Bartok and Messiaen. Andrew Davis conducts (Mon). Royal Festival Hall.
National Association of Young Chamber Music Players conducted by Sir Colin Davis. Purcell, Mozart, Brahms, Schubert and others (Tue). Barbican.
Vienna Philharmonic conducted by Riccardo Muti. Beethoven, Brahms (Wed). Royal Festival Hall.

Paris

Paris Opera Orchestra conducted by Myung-Whun Chung: Haydn,Prokofiev (Mon-Wed). Bastille Opera (40011616).
Vienna Philharmonic Orchestra conducted by Riccardo Muti:Beethoven, Brahms (Tue). salle pleyel (45638873).(40282840).

Frankfurt

Ludwig Guettler (trumpet) and FriedrichKircheis (organ): Jean Baptiste Loeillet, Stradella, Bach andBuxtehude. Alte Oper. (Tues).

Munich

Munich's Radio Orchestra under Roberto Abbado with singers Eugenia Moldoveanu, Sergej Larin,Jan-Hendrik Rootering and the radio choir with arias from operas byBizet, Massenet, Gounod, Verdi, Rossini and Puccini. Philharmonie im Gasteig. (Sun).
Leipzig Gewandhaus Orchestra under Kurt Mazur plays Brahms. (Mon,Tues).

Cologne

Leipzig Gewandhaus Orchestra. under KurtMazur plays Brahms. Philharmonie. (Fri).

Antwerp

Night of the Proms: The Royal Flanders opera Symphony orchestra and chorus conducted by Rudolf Werthen with the Flying pickets and the Alan Parsons Project: Bernstein, Bizet, Ravel, Rossini, Tchaikovsky. Sportpaleis (Fri,Sat,20.30) (03-235 45 44).

Amsterdam

Melos Quartet perform Hindemith, Mozart and Janácěk. (Fri) Concertgebouw.
Radio Philharmonic conducted by Edo de Waart, with Maxim Vengerov (violin): Glière, Prokofiev and Rachmaninov. (sat matinee). Concertgebouw.
Royal Concertgebouw Orchestra with Ronald Brautigam (piano), and conducted by Riccardo Chailly: Schönberg, Ligeti, Brahms. (Sat). Concertgebouw.
English Chamber Orchestra conducted by Jeffrey Tate and pianist Mitsuko Uchida: Beethoven. (Sun, Tue). Concertgebouw.
Royal Concertgebouw Orchestra members: Casella, Malipiero, Berio, Respighi, Rota. (Thur). Concertgebouw.

Utrecht

Radio Philharmonic conducted by Edo de Waart, with Maxim Vengerov (violin): Glière, Prokofiev, Rachmaninov. (Fri). Vredenburg.
Moscow Tchaikovsky Conservatory Orchestra conducted by Gennady Cherkassov perform Schnittke and Tchaikovsky (Sun, noon). Vredenburg.

Brussels

Soloists of Moscow performing works of Mozart, De Kanale Kerk, Vilvoorde (Festival of Flanders concert). (02-640 15 25). (Fri 20.00).
RTBF Symphony Orchestra conducted by Robert Casteels with France Springuel (cello): Dvorak, Janácěk and Martinu. Maison de la Radio (Fri, 20.00).
Ensemble Aria orchestra conducted by Daniel Burdet with the Chorale Protestante de Bruxelles and soloists in a programme of Faure and Mendelssohn. Cathedrale Saint Michel (02-513 83 20). (Fri, 20.30).
Barbara Hendricks (soprano) accompanied by Staffan Scheja sings Brahms, Dvorak, Liszt, Mozart and Schumann. Palais des Beaux-Arts (Tues, 20.00).
Dizzy Gillespie United Nation Orchestra. Palais des Beaux-Arts (Thurs, 20.30).

Madrid

USSR Symphony Orchestra conducted by Yevgueni Svetlanov, withStanislav Igalinski (piano).Tchaikovsky, Prokofiev, Rachmaninov (Fri, 26); Tchaikovsky, Scriabin (Sat, 27). Auditorio Nacional de Musica (337 01 00).
Placido Domingo (tenor), accompanied by the 'Andres Segovia' chamber orchestra, sings Mozart, Puccini, Verdi, Donizetti, Falla,Chapi, Gounod, J.S. Bach (Fri, 26). Auditorio Nacional de Musica (337 01 00).

Barcelona

Orquestra Ciutat de Barcelona conducted by Enrique Garcia Asensio, with Anabel Garcia (violin). Halffter, Bruch, Cerda, Stravinsky (Fri 26, Sat 27, Sun 28). Palau de la Musica Catalana (268 10 00).
Brigitte Fassbaender accompanied by Wolfram Rieger (piano). Schumann, Brahms (Tues 30). Palau de la Musica Catalana (268 10 00).

Bologna

Les Percussions de Strasbourg playing Mesias Maiguashca and YannisXenakis (Mon). Teatro Comunale (529999).

Florence

Markus Stenz conducting Mahler's *Das Lied von der Erde* with mezzosoprano Florence Quivar and tenor Jon Fredric West, and Henze'sBarcarola (Fri, Sat, Sun). Teatro Verdi. (212830).

Rome

Luciano Berio conducting his own work, La Vera Storia (text bynovelist Italo Calvino) with the Electric Phoenix group conducted byTerry Edwards, pop singer Milva, sopranos Sue Patchell and LuisaCastellani, mezzasoprano Dunja Vejzovic, tenors Neil Wilson and Peter Hall, baritone Lajos Miller and bass Francesco Ruta (Sun, Mon, Tues). Auditorium in via della Conciliazione (6541044).

New York

London Classical Players conducted by Roger Norrington. Beethoven, Mendelssohn (Mon). Avery Fisher Hall, Lincoln Center (874 6770).
Leningrad Philharmonic conducted by Yuri Temirkanov with Dmitri Alexeev (piano). Prokofiev, Tchaikovsky (Mon, Tue); with Victor Tretyakov (violin). Tchaikovsky, Prokofiev (Wed, Thur). Carnegie Hall (247 7400).

Chicago

Chicago Symphony Orchestra conducted by Lorin Maazel with Frank Peter Zimmermann (violin) and the Chicago Symphony Chorus. Holst, Prokofiev, Shchedrin (Tue); Leonard Slatkin conducting with Barbara Nissman (piano). Carpenter, Ginastera, Mussorgsky (Thur). Orchestra Hall (435 3322).

Tokyo

Tokyo Metropolitan Symphony Orchestra, conducted by Hiroshi Wakasugi. Schubert programme. Tokyo Bunka Kaikan (Mon) (822 0727).
Cleveland Quartet: Mozart, Barber, Schubert, Beethoven. Casals Hall (Wed). (403 8011).
Cincinnati Symphony Orchestra, conducted by Jesus Lopez-Cobos: Ravel, Bizet, Dvorak (Tues); Ravel, Tchaikovsky (Wed). Suntory Hall (505 1010).

THEATRE

London

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn. A probable, but unspectacular, hit (839 5972).
Singer (Barbican). Anthony Sher in Peter Flannery's modern Jacobean tragedy that reflects a darkly comic view of Britain since the Second World War. (638 8891).
Absurd Person Singular (Whitehall). Revival of early Ayckbourn comedy, directed by the master himself, about three couples at Christmas in three kitchens over three years. Moira Redmond, Richard Kane and Lavinia Bertram on fine form in a production which confirms Ayckbourn's early bleakness (071 867 1119). Extended until January
Man of the Moment (Globe) Nigel Planer and Gareth Hunt in another Alan Ayckbourn play, this time about media manipulation (437 3667)

New York

Falsettoland (Lucille Lortel). It will be known as the musical about Aids first hitting New York but it goes much further than that, showing the effect on a larger circle of people, who include a boy having a Bar Mitsvah and his parents, all three of them (924 8782).
Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to shake the bones of this inert depiction of lives criss-crossing in an elegant, but somewhat random setting (246 0102).
Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this transfer from London (239 6200).
Gypsy (St James). This 30th anniversary production is a reminder of the heyday of the American musical with memorable tune after memorable tune, as well as a forceful plot about the ambitious stage mother who encourages her daughter even into burlesque (246 0102).

Tokyo

Kabuki: Performances at Kabuki-za centre around a name-taking ceremony for the actor Senjaku, who follows in his father's footsteps to become Ganjiro III. Both performances (11am, 4.30pm) are mixed programmes, combining drama, spectacle, song and dance. Earphone guide in English and English-language programme. Opens Thursday. (541 3131).
Tokyo International Theatre Festival: Features groups from South Korea, the Netherlands, India, Malaysia, France and Italy, as well as Japan. Most performances are at the new Tokyo Art Theatre, an impressive concert hall-theatre-gallery complex in Ikebukuro. (590 1091).

COMPANY NOTICES

Notice to holders of
BANDO CHEMICAL INDUSTRIES, LTD.
(The "Company")
Warrants to subscribe for shares of common stock of the Company (the "Warrants") issued in conjunction with the issue of
U.S. $50,000,000
3⅞ Guaranteed Bonds Due 1992

In respect of the above-mentioned Warrants, notice is hereby given as follows:

The Company issued U.S. $100,000,000 5% Bonds Due 1994 with Warrants to subscribe for shares of common stock of the Company at the initial subscription price of Yen 569, which was less than the current market price (Yen 686.90) per share of the Company as calculated pursant to the provisions of the Instrument dated 11th August, 1988 executed by the Company (the "Instruments").

As a result of the new issue mentioned above, the Subscription Price (as defined in the Instrument) of the above-mentioned Warrants has been adjusted in accordance with Clause 3 of the Instrument as follows:

Subscription Price before adjustment	Yen 620.00
Subscription Price after adjustment	Yen 603.10

The said adjustment of the Subscription Price became effective as of 26th October, 1990 (Japan time).

THE MITSUI TAIYO KOBE BANK, LIMITED
as the Principal Paying Agent for and on behalf of
BANDO CHEMICAL INDUSTRIES, LTD.

Dated: 26th October, 1990

LEGAL NOTICES

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re
THE DREXEL BURNHAM LAMBERT GROUP INC., ET AL., Debtors.

Chapter 11 Case No. 90 B 10421 (HCB)

NOTICE TO CUSTOMERS OF DREXEL BURNHAM LAMBERT INCORPORATED: COMMENCEMENT OF REORGANIZATION CASE

NOTICE IS HEREBY GIVEN that on May 29, 1990, Drexel Burnham Lambert Incorporated ("Drexel") filed with this Court a voluntary petition for relief under chapter 11, title 11 of the United States Code (the "Bankruptcy Code").

PROCEDURES FOR FILING CUSTOMER CLAIMS

NOTICE IS HEREBY GIVEN that pursuant to an Order of the Court dated August 29, 1990, the Court has prescribed procedures for the filing of claims by Customers (as hereinafter defined) against Drexel in the above-captioned chapter 11 case with respect to those funds and securities that Drexel holds or may receive for the account of its former customers which would constitute "customer name securities" or "customer property" under section 741 of the Bankruptcy Code or 15 U.S.C. § 78111 and which are segregated by Drexel pursuant to an Order of the Court dated May 29, 1990 (the "Segregated Property"). The Segregated Property generally consists of securities, dividends, interest payments and uncashed checks relating to proceeds of sales of securities, dividends or interest payments, which, in each case, were or should have been credited to a customer's accounts. IF YOU DO NOT FILE YOUR CLAIM IN THE MANNER PRESCRIBED, YOUR CUSTOMER CLAIM WILL BE FOREVER BARRED AND YOU WILL NOT BE ENTITLED TO ANY DISTRIBUTION ON THAT CLAIM.

Customers of Drexel who wish to file a claim are required to file their claims with Drexel either (a) by mailing claims to:

Drexel Customer Claims
c/o The United States Bankruptcy Court
for the Southern District of New York
Bowling Green Station
P.O. Box 64
New York, New York 10274

or (b) by delivering the same to the Clerk, U.S. Bankruptcy Court by hand delivery or courier service (but not by U.S. mail) to:

Clerk, U.S. Bankruptcy Court
Room 614
Old Custom House
One Bowling Green
New York, New York 10004

CUSTOMER CLAIMS WILL BE DEEMED FILED ONLY WHEN RECEIVED AT THE ABOVE ADDRESS.

Customer proofs of claim shall conform substantially to the form of claims approved by the Court. Such forms for the filing of Customers' claims are being mailed to certain former Customers of Drexel as their names and addresses appear on Drexel's books and records. Former Customers who do not receive such forms who believe that they have claims against or to the Segregated Property may obtain them by writing to Drexel at the following address:

Drexel Burnham Lambert Incorporated
60 Broad Street
New York, New York 10004-2367
Attn: Customer Service Dept. – 15th Floor

The meaning of the term "Customer" is governed by section 741(2) of the Bankruptcy Code. It is limited to persons who have claims against or to the Segregated Property and includes any person who has a claim on account of securities received, acquired or held by Drexel in the ordinary course of its business as a broker-dealer. This includes any person who has a claim against Drexel for securities or monies with respect to dividends or for bond interest and the person did not maintain a customer account with Drexel. The term "Customer" includes any person who has a claim against Drexel arising out of sales or conversions of such securities, and any person who has deposited cash with Drexel for the purpose of purchasing securities, *but does not include*:

a) any person to the extent that the claim of such person arises out of transactions with a foreign subsidiary of Drexel; or

b) any person to the extent that such person has a claim for cash or securities which by contract, agreement, or understanding, or by operation of law, is part of the capital of Drexel, or is subordinated to the claims of any or all creditors of Drexel.

The provisions of the Bankruptcy Code shall control if there is any inconsistency or difference between the foregoing and the definition of "Customer" as set forth in the Bankruptcy Code.

The date by which Customer claims must be filed has not been determined. Notice will be given of that date once it has been fixed by the Court. Nevertheless, since customer claims will be processed as and when received, customers are urged to file claims as promptly as possible.

OTHER CREDITOR CLAIMS

ALTHOUGH NO BAR DATE HAS AS YET BEEN FIXED WITH RESPECT TO CUSTOMER CLAIMS, NOVEMBER 15, 1990 HAS BEEN FIXED AS THE BAR DATE FOR FILING PROOF OF CLAIMS FOR ALL OTHER CREDITORS OF DREXEL AND FOR FORMER CUSTOMERS WHO DO NOT HAVE CLAIMS TO OR AGAINST THE SEGREGATED PROPERTY.

Dated: New York, New York
August 29, 1990

BY ORDER OF THE COURT
HONORABLE HOWARD C. BUSCHMAN, III,
UNITED STATES BANKRUPTCY JUDGE
UNITED STATES BANKRUPTCY COURT
Southern District of New York
Old Custom House
One Bowling Green
New York, New York 10004

WEIL, GOTSHAL & MANGES
Attorneys for The Drexel Burnham Lambert Group, et al.
Debtors-in-Possession
767 Fifth Avenue
New York, New York 10153
(212) 310-8000

A Midsummer Night's Dream

SADLER'S WELLS

One of the most peculiar pleasures of Benjamin Britten's *Midsummer Night's* opera is his word-setting. Here, speech patterns govern; here they are subordinated to a melodic shape; here, characters repeat words for rhetorical, poetic or ruminative effect; here, words are inflected by flourishes, flights of coloratura, pauses, oddly sudden falls or risen in the vocal line. At first unsettling, this becomes, in much of the opera, haunting.

And words are the greatest pleasure of Opera London's new staging of the opera, which opened on Wednesday at Sadler's Wells. The smallness of the house, the forwardness of the stage action and the strong cast ensure that the audience is easily held by every episode. Even in ensembles, there is a vivid sense of utterance. For this, congratulations to conductor Richard Hickox and director David Meyer.

Meyer has not yet, however, had much experience in directing music-theatre and, in particular, opera. His staging is nowhere joltingly unmusical but never musically revealing. Scene-changes and entrances in the final act miss any sense of surprise or wonder. And this reading is as comically lightweight as a standard Regent's Park *Dream*. Though one of Britten's finest achievements here is surely the combination of pathos, ardour and fun with which he treats Helena and Hermia, Meyer just keeps them amiably absurd.

Anabel Temple has put all the mortals in Edwardian attire. Boaters abound; Lysander is in military uniform; poor Hermia (Della Jones) is squeezed into riding outfit. Oberon and Titania, in white, are barefoot, earthy, unisex and vaguely Asian, with Indian leggings beneath their dresses and with twigs in their hair.

The action lacks depth in every sense. The midground of Temple's woodland set is a steep grassy bank across the stage. Characters clamber up or down, or sleep, or just tread carefully. The basic stage pictures are always fair. But no wild thyme blows.

No part is poorly taken. As Titania, Lillian Watson, though slightly cautious in her "Come, now a roundel" flights, is bright, melting, proud and warm her Act One. James Bowman, that most seasoned Oberon, gives an expert, detailed but somehow dutiful performance. He rules the forest with a boorish air, seemingly the least involved in lending himself to a new staging. Della Jones makes Hermia a marvellously strong, no-nonsense character, but Jill Gomez (once a Covent Garden Titania) and John Graham Hall seem to take Helena and Lysander as lively *two-dimensional cartoon jokes*.

I like the initial humility that Donald Maxwell's Bottom shows amid the fairies, and the extraordinary expressiveness with which he moves that ass's head, but, despite many individually strong lines, this Bottom doesn't project enough of the role's heartening humanity. This is something that Norman Bailey, in the smaller role of Theseus, achieves with memorable authority. Penelope Walker (Hippolyta), Adrian Thompson (Flute), Andrew Gallagher (Snug) and others all make their mark.

The opera remains always entertaining. Surely, later in this two-week run of performances, it will open up and find more range. Hickox's conducting and the City of London Sinfonia are the components that could benefit most from this. At present they are supportive but overly discreet. Musk-roses, please, and eglantine.

Alastair Macaulay

The Devil and Kate

NATIONAL THEATRE, PRAGUE

It is nearly a year since the revolution in Prague, but nothing very revolutionary is happening on the Prague stage. The only departure from tradition in this jolly production of Dvořák's *The Devil and Kate* is the slogan overlooking the set for Act 2 – "The Devil is With Us till Eternity" – satirising the words used by the Communists to justify the Soviet military presence in Czechoslovakia. Such an in-joke would not have been possible a year ago. Otherwise, the production – currently under consideration for the company's visit to the 1991 Edinburgh Festival – proclaims familiar musical virtues within a harmless pictorial framework.

The Devil and Kate, rather like *The Jacobin*, has always been a staple of the Prague repertory, but has had little success outside Czechoslovakia. It took a production two years ago at the Wexford Festival to bring its charms to wider attention. The new Prague staging for the Dvořák 150th anniversary adds weight to the view that *The Devil and Kate* is his most inspired operatic score – more tuneful and dramatically coherent than *Armida*, closer than *Rusalka* to the composer's Czech roots and echoing some of Smetana's tart human observation in *The Bartered Bride*. The conductor is Bohumil Gregor whose bracing insights, idiomatic shaping of melodic line and easy command of rhythm and colour provide a musical foundation of immense distinction. Whatever else has changed in Prague (and the whole future of the National Theatre is currently the subject of intense argument and debate) the finely-tuned responses of chorus and orchestra remain the same.

The production's most obvious weakness is Lenka Smidova's Kate. Unlike Vera Soukupova in the old Kaslik production (or Anne-Marie Owens' much-praised Kate at Wexford), she has neither the figure, the voice nor the personality to dominate the ensemble. The pigtails, the gaudy striped costume and unfeminine gait cannot by themselves create an effective character. Ludek Vele's Devil, on the other hand, made hell sound positively attractive. He has the advantage of the best music of the opera, and Vele justifies it with a confident stage presence and one of Czechoslovakia's most promising bass voices.

Marian Chudovsky's production, with bright picture-book sets by the popular illustrator Adolf Born, strives unnecessarily for modern effects within an all-too-familiar fairy-tale setting. The chorus scenes are up-stated by a mechanised dog and mouse which do not work properly, and much of the hectic Act 2 ballet serves no dramatic function. However, there is charm and fantasy in the slower pantomimes, especially the gently-choreographed opening to Act 3; and the underworld costumes (including a remarkable three-headed joker) are both comically absurd and pleasing to the eye.

Andrew Clark

Group portrait of Sikhs: Servants and Favourites of the Patalia Court by an unknown Delhi artist.

Triumphant journey through the Raj

Patricia Morison hails the National Portrait Gallery exhibition

An elephant in a unique chain-mail suit makes a superb centrepiece for *The Raj: India and the British, 1600-1947*, (at the National Portrait Gallery until March 17, 1991, sponsored by Pearson). The elephant suit was shipped to England as part of Lord Clive's stupendous booty when, after two centuries, a small trading company was well on its way to governing nearly one quarter of the world's population.

This compelling exhibition tells the story of the East India Company and how the British Empire lost the jewel in its crown. The exhibition opens in 1600, when to the Mughal emperors of India the English were merely one more group of infidel traders. The East India Company sailed principally to the south to buy pepper and spice, and only occasionally went north to woo the Emperors. Kashmir shawls, chintz, Mughal costumes and weapons, and above all, Mughal miniature paintings, make a crowded and colourful opening to the exhibition. A lively bridal procession shows a bazaar in Rajput, with traders selling betel nut, spices, lentils, and daggers.

A fashion for certain things European was already evident among the nobility. One artist showed Kashmiri villagers weaving and picking grapes against a backdrop of hills and lakes which imitates old-fashioned Flemish landscapes. Many Mughal artists imitated northern European art from seeing paintings and tapestries brought by embassies, or devotional prints put out by the energetic Portuguese Jesuits at Goa. Two mildly erotic miniatures suggest that to Indian eyes the Europeans breeches looked immodest. One shows a shrimp-sized page in European dress unrolling a stocking from the vast thigh of an odalisque, the other a Deccan prince being entertained by four graceful ladies, one wearing a ruff, doublet, and hose.

In a hot country, and coming from a culture in which men dressed like poppinjays, it was easy for Englishmen to slip into Indian attire. In Van Dyck's magnificent portrait we see the Earl of Denbigh, who had been the king's ambassador to the Mughals, going wild-fowling in a fetching trouser-suit of pink silk. The Mughals' court painters showed them as wise, tolerant conquerors from whom the English were to learn much. We see the great Akbar, who loved pigeon racing and religious disputations, being presented with a book which was the Mughal equivalent of the Domesday Book. Two centuries later East India Company officials were using it in an English translation. It was they who now had the profitable right to tax the peasants of Bengal, to levy taxes on lime, liquor, salt, pitch and fish, and decide how merciful to be when the "inundations" came.

In time, the English also saw the point of Mughal ceremonial even if it was the trappings of "oriental despotism". We see Shah Jahan, builder of the Taj Mahal, holding a *durbar* or ritualised audience. He is shown with a green halo to symbolise supernatural enlightenment. Haloes were out of the question, but the British rulers did borrow the durbar. (By the time we come to the 20th century, the exhibition's visual riches have petered out; it is a touch dull to find only a photograph of the fabulously expensive Delhi Durbar for King George V and Queen Mary in 1911).

A wealth of 18th-century portraits and history paintings show how the Company's sticky web ensnared the Indian princes. A portrait of Nadir Shah, the Persian ruler, is not one of the better ones, but it may be the same one he sent the British governor of Madras, proclaiming his might in defeating the Mughal army and massacring 30,000 citizens of Delhi. Portraits, as ever, were propaganda; Sikh, Muslim and Hindu princes gave adventurous English artists a good living. Tilly Kettle of Oxford went to the fabulously wealthy kingdom of Awadh and painted the Nawab in furs. After business in London turned sour, Johann Zoffany set up in Bengal in 1783, also painting the court of Awadh as well as Company officials and their families. A Delhi artist showed officials in their top hats riding on elephants to Emperor Akbar II's durbar. Off duty, artists English and Indian showed them at home in neo-Palladian villas where they smoked hookas, played chess, and wore pyjamas.

Dingy though it is, an intriguing recently discovered Zoffany interprets a notorious Indian practice from the classical perspective of his day. It depicts a Hindu widow about to sacrifice herself upon the funeral pyre of her husband. Zoffany shows the widow in the manner of a Roman heroine and clearly thought the practice of "suttee" admirable. In only a few decades the Victorians saw eliminating suttee, along with the Thugs, who were supposed ritually to strangle travellers, as a keynote of the white man's beneficent rule.

Zoffany apart, artists kept the heroic mode not for Indian life but for British victories, with an army which numbered a quarter of a million. Grandiose scenes of Plassey, Seringapatam, and the death of Tipu Sultan of Mysore, were publicly exhibited in London. They stimulated a growing awareness that India was a matter for national pride and not just a nest of corrupt "nabobs". Two modest watercolours show a charming young Indian princess wearing ropes of pearls with her fortunate husband, the British Resident at Hyderabad. However, by 1800 mixed marriages had started to look questionable and as a Governor of Bengal wrote regretfully, the English were increasingly living as "strangers in the land."

How far he was right is a matter of debate, and far from the only one raised in an exhibition which leans neither to one side or another on the balance sheet of Empire. The English certainly took an interest in the picturesque life of the Indian streets and her wild landscapes, not to mention an architecture so fascinating that momentarily it rivalled the passion for the Gothic. Watercolours by William and Thomas Daniell fed into the fantastic wonders of Sezincote and the Brighton Pavilion.

More significant were the orientalists, who rescued, translated and published Indian classical texts, so making them accessible to Indians. An attractive portrait shows the most famous scholar, Sir William Jones, the judge in Calcutta who announced that Sanskrit, Latin and Greek were related. On his desk stands a statue of the elephant god Ganesh, patron of wisdom. Portraits, busts and books suggest how India was explored, mapped, its monuments logged and preserved, its folklore and history recorded. Not many of its peoples hearkened to the gospel; a comical engraving shows the Baptist missionary, William Ward, standing waist-deep in a river with his convert.

Particularly interesting is the section on the new science of anthropology which seemed, at last, to offer a way to classify the bewildering variety of castes, occupations, tribes, and sects. Now policemen, civil servants and army officers could know "their" Indians. In 1891, an influential civil servant announced a wonderful rule of thumb, or rather nose, for understanding caste. The finer the nose, he asserted, the higher the caste of your Indian.

The catalogue (National Portrait Gallery Publications) is a pleasure to read, and you should plan on doing so because the exhibition alone cannot point out all the subtleties of Indo-British relations and the tiger-traps of Raj history. Was the Black Hole of Calcutta really so much of a squeeze? Was it, as some have said, a hoax? The Indian Mutiny of 1857-8, as they called it in my schooldays, is now the Mutiny-Rebellion, a mass uprising which extended far wider than the sepoys who were enraged that the bullets for their new Lee-Enfield rifles were said to be greased with fat from the vile pig and the sacred cow. The exhibition treads warily, especially as the fateful midnight hour draws near. The result is an education and a triumph.

Pollini's Diabelli

ROYAL FESTIVAL HALL

"Brave New Worlds" wends its way ever onward on the South Bank. Maurizio Pollini's recital on Wednesday night was one of its fixtures, by virtue of its first half of Webern's Variations and Boulez's Second Sonata, to be followed by the Diabelli Variations. Indeed Pollini's three appearances this autumn have provided a welcome thread of continuity in the otherwise happenstance planning of this strange festival.

Of the pianists in the international jetstream he is the most consistent interpreter of the modernists around whom this celebration has been assembled; it is hard to think of anyone else who could have filled the Festival Hall for such a rebarbative programme, or who could have been relied upon to dispatch the Boulez with more unfaltering concentration and accuracy. It is definitely one of his party pieces.

Of course, the Diabelli Variations are not intrinsically hard-going; their world allows many different approaches, and many paths through their thickets. But under Pollini's iron grip they can be made to seem as remote and forbidding an art object as any Boulez sonata or Stockhausen Piano Piece: his aesthetic approach, one senses, would be precisely the same in each case.

It is often hard to reconcile the Pollini one hears in concert in London now with the compelling performer of the early 1970s, whose Schubert playing seemed freshly minted, and whose Beethoven and Schumann was charged with rhythmic and textural life. The technical control of course one still can take for granted, as well as the fierce, unflinching rendering of textures; the mordents that are strewn through the variations can rarely have seemed so bald and aggressive.

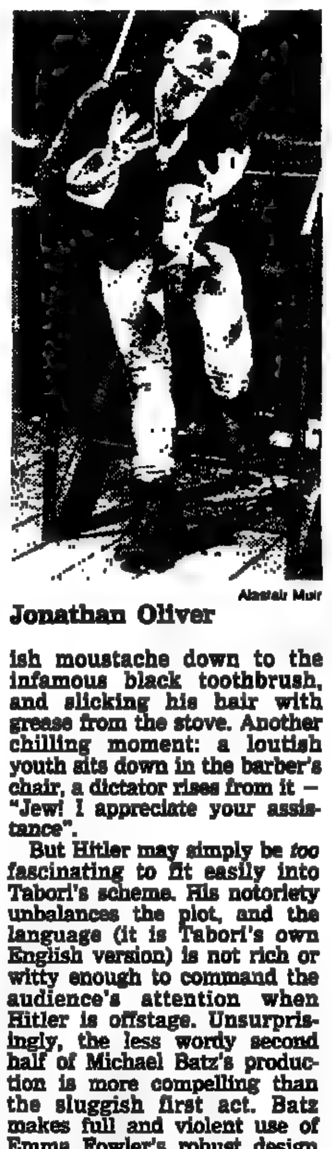
But the matter-of-fact presentation, the failure to be elated by the canonic tirades of trills and broken chords in the sixth and seventh variations, to force a smile from the parodies or pastiches, or to be elevated by the ever-aspiring tone of the final group, is deeply troubling.

His performance was greeted rapturously, for reasons that remained hidden to me. Twenty years ago this was a pianist who seemed destined certainly for greatness, part of an extraordinarily rich generation that also included Ashkenazy and Argerich. In every recital nowadays one seeks some sign that those early predictions were accurate, and reassurance comes less and less easily.

Andrew Clements

Mein Kampf: Farce

RIVERSIDE STUDIOS



Alastair Muir

Jonathan Oliver

In *Mein Kampf: Farce*, we are not as far from Feydeau and Cooney territory as you might think. Judging from the landmarks – pratfalls and slapstick, manic chases and ludicrous escapes, timely exits and unexpected entrances – we are somewhere on the borders of traditional farce. But writer George Tabori and director Michael Batz make sure we never know where familiar country ends and uncharted jungle begins.

For example, it is not the local vicar making an unscheduled call who threatens to topple the teetering logic of this farce, but Mrs Death searching the dosshouses of turn-of-the-century Vienna for the young Adolf Hitler.

Tabori adds several unsettling layers to the cliché of death personified. Fellow dosshouse inmate Schlomo Herzl, a Jewish bookseller (Joseph Long), is moved to save the architect of the Holocaust from a premature demise. He stalls and bluffs, covering for Adolf as he escapes. But Mrs Death (a seductive, kohl-eyed performance from Josephine Welcome) has not come to take away the would-be dictator.

"I'm not interested in our friend as a corpse," she explains to Schlomo, who already knows he is wasting his love on the unloveable. "As a corpse, as a victim, he is absolutely mediocre. But as a criminal, a mass murderer, an exterminating angel – a natural talent." It is a genuinely creepy moment.

But such moments are widely spaced in Tabori's play – now, apparently, the most performed contemporary work in German-speaking theatre – and successful humour, black or otherwise, is in surprisingly short supply.

This is no fault of the energetic company. Jonathan Oliver – reprising his performance as Hitler in last year's first British production – is a fine mixture of Chaplinesque slapstick and stiff-limbed, goosestepping megalomania. Joseph Long and Howard Goorney (as Lobkowitz, the Jewish chef who thinks he is God) assist the transformation, clipping the young man's buffoonish moustache down to the infamous black toothbrush, and slicking his hair with grease from the stove. Another chilling moment: a loutish youth sits down in the barber's chair, a dictator rises from it – "Jew! I appreciate your assistance".

But Hitler may simply be *too* fascinating to fit easily into Tabori's scheme. His notoriety unbalances the plot, and the language (it is Tabori's own English version) is not rich or witty enough to command the audience's attention when Hitler is offstage. Unsurprisingly, the less wordy second half of Michael Batz's production is more compelling than the sluggish first act. Batz makes full and violent use of Emma Fowler's robust design – Tyrolean leather louts abseiling from the roof, a Keystone Cops chase, and a chicken killed and prepared for cooking in a nightmarish analogy of the Führer's rise to power.

Mein Kampf: Farce plays at the Riverside until November 10. Vegetarians should avoid it: the chicken killing is faked, but its dismemberment appears to be for real.

Andrew Hill

ARTS GUIDE

October 26-November 1

OPERA AND BALLET

London

Royal Opera, Covent Garden: Verdi's *Attila* receives a first-rate new production at Covent Garden. Edward Downes conducts superbly, the production by Elijah Moshinsky is bold and striking, and Ruggero Raimondi (later Barseg Tumanyan), Josephine Barstow, Dennis O'Neill (later Giuliano Ciannella), and Giorgio Zancanaro sing with fiery eloquence: strongly recommended.

English National Opera, Coliseum: Revival of the award-winning 1986 production by David Pountney of Busoni's *Dr Faust*, conducted by Antony Beaumont, with Alan Opie, Graham Clark, and Helen Field in leading roles.

More performances of *The Magic Flute* in Nicholas Hytner's fresh and uncluttered production.

Royal Ballet at Covent Garden: Triple bill with two of last season's late novelties, *The Planets* and Enclosure, plus the jollities of *Elite Syncopations*. (Fri, Mon).

Paris

Ballet Frankfurt in William Forsythe's choreographyjuggling with theatrical illusions presents the premiere of*Slingerland*. (40282840). Theatre des Champs Elysees.

Glasone. A three-act opera toFrancesco Cavalli's music with Jeffrey Gall in the titlerole and with Medea sung by Gloria Banditelli (47203637).

Brussels

Monnaie Opera in Hans Zender's *Stephen Climax*. Sylvain Cambreling conductor, staged by Peter Muss Bach with Ronald Hamilton as Simeon Dale Duesing as Stephen.

Theatre Royal de la Monnaie. (*Sun*, Wed: 20.00).

Amsterdam

Netherlands Opera in Mozart's *Entführung aus dem Serail*, directed by Helmut Polixa, with the NEtherlands Chamber Orchestra conducted by Hartmut Haenchen with Jürg Löw as Selim, Sally Wolf as Constanz and Bruce Ford as Belmonte. (Fri). Muziektheater.

National Ballet with *Under my Feet, Pyrrhic Dances II* and a new ballet by Jan Linkens. (Sat, Sun matinee, Tue and Wed). Muziektheater.

The Hague

Nederlands Dans Theater with *La Cathédrale Engloutie* and the world premieres of new balets by Philip Taylor and Jean-Christophe Maillot. (not Sun or Mon).

Barcelona

Donizetti's *RobertoDevereux*, in a new production conducted by Richard Bonynge, with a cast led by EditaGruberova and Fernando de la Mora, alternating with ChristineWeidinger and Miguel Cortez. Gran Teatre del Liceu. Ends November 10 (412 14 66).

Bologna

Amedeo Amodio's version of the *Nutcracker* toTchiakovsky's music dance by his Aterballetto company with theexcellent duo Elisabetta Terabust and Vladimir Derevianko, conductedby David Garforth. Teatro Comunale. (Tues, Wed) (529999).

Genoa

Bellini's *La Sonnambula* in Mattia Testa'sproduction made last year for the Teatro la Fenice in Venice, withLuciana Serra as Amina, Pietro Ballo as Elvino and Carlo Striuli asCount Rodolfo, conducted by Eugene Kohn. Teatro Margherita. (589.239).

Milan

Giselle, with the original sets and costumes byAlexandre Benois, danced by Carla Fracci and Zoltan Solymosi. (Sat). Teatro alla Scala. (809126).

Berlin

Fidelio, in Jean-Pierre Ponnelle's wonderfulproduction features Janis Martin, Carol Malone, Thomas Moser,Gerd Feldhoff, and is expertly conducted by Heinrich Hollreiser.

Katja Kabanowa has Karan Armstorn Outstanding in the title role. *Eine Volkssage*, choreographed by Peter Schaufuss returns with new dancers,Silke Sense, Martin James, Laura Contardi and Sara Rendall.

*Lohengrin*has a strong cast led by Eva Johansson, Ruthild Engert and PeterSeiffert in the title role. *Der Troubadour* has Michele Crider makingher Berlin debut as Leonore.

Hamburg

Carmen brings Claire Powell, Angela Maria Blasi,Michael Sylvester and Harald Stamm together. *Elektra* highlights the week with two Strauss specialists Eva Randova as Klytaemnestra and Gwineth Jones in the title role. Tannhaeuser takes the leads Guenter Neumann, Linda Plech, Livia Budai, Andreas Schmidt and Kurt Moll, Robert Gambill and Dawn Upshaw.

Frankfurt

Tosca in Jean-Pierre Ponnelle's wonderfulproduction has Galina Kalinina excellent in the title role.

The new controversial Arie Zinger production of *Aufstieg und Fall der Stadt Mahagonny*, by Kurt Weill has Michal Shamir, William Pell, Valentin Jar, Glenys Linos in the leading roles.

Bonn

Last Faust's *Verdammung* is excellently sung by DeloresZiegler, Neil Rosenheim and John Macurdy. *Rigoletto* in Graham Vick'ssuccessful production with a first-rate cast led by Vincenco laScola, Ingvar Wixell, Leontine Vaduva and Stephen Dupont. Also*Satyricon*, choreographed by Youris Vamos.

Cologne

Goetterdaemmerung, part of the new cycle in aco-production with the Duesseldorf opera, produced by Kurt Horreswill have its premiere this week. The cast includes renowned Wagnersingers William Johns (Siegfried), John del Carlo (Gunter), HartmutWelker (Alberich), Matti Salminen (*Hagen*), *Deborah Polaski*(Bruennhilde) and Waltraud Meier (Waltraute). *Orfeo ed Euridice* is a well done reportoire performance.

Stuttgart

Magnificat in a guest performance with the Hamburgballet, choreographed by John Neumeier. The *Magic Flute* opens inPeter Oskarson's production with Tomoko Nakamura, Kathleen Casello,Ulrike Sonntag, Uwe Heilmann, Carsten H. Stabell and Joern W.Wilsing.

Also *Tosca* and three one act operas by Ernst Krenek. DerDiktator/, Das Geheime Koenigreich/ Schwergewicht oder die ehre der Nation.

Munich

Adriana Lecouvreur stars Margaret Price, BrunaBaglioni, Neil Shicoff, Claes H. Ahnsjoe and Angelo Romero. *Le nozzedi figaro*, conducted by Hanns-Martin Schneidt is well sung by LuciaPopp, Jeanne Piland, Angela Maria Blasi, Alan Titus, Wolfgang Brendeland Kurt Moll. *Goetterdaemmerung* with Hildegard Behrens, CarolinePetring, Rene Kollo and Aage Haugland rounds off the week.

New York

Metropolitan Opera. James Levine conducts the season premiere of Arvin Brown's production of *Porgy and Bess* with Priscilla Baskerville, Marvis Martin and Terry Cook.

James Levine also conducts Piero Faggioni's production of *Un Ballo in Maschera* with Aprile Millo, Lucien Pavarotti and Juan Pons. *Boris Godunov*, conducted by Yevgeny Svetlanov, features Stefania Toczyska, Gary Lakes and John Shirley-Quirk in August Everding's production.

Guido Ajmone-Marsan conducts *Rigoletto* with Jerry Hadley in Otto Schenk's production. (362 6000).

New York City Opera. John Lehmeyer's production of *Martha*, conducted by Arthur Fagen, features Sheryl Woods as Lady Harriet Durham, Martin Thompson as Lionel and Dean Peterson as Plunkett.

The week also includes Scott Ellis's production of Sondheim's *A Little Night Music, La Boheme* and *La Fanciulla del West*. New York State Theatre, Lincoln Center (870 5570).

Chicago

Lyric Opera. Frank Galati directs a new production of Argento's *The Voyage of Edgar Allan Poe*, with libretto by Charles Nolte.

Christopher Keene conducts Donald Kaasch as Poe, Winifred Faix Brown as his wife and Richard Stilwell as Poe's nemesis Griswold.

Harold Prince's production of *The Girl of the Golden West* continues, conducted by Bruno Bartoletti, with Marilyn Zchau as Minnie and Placido Domingo as Dick Johnson. Civic Opera House (332 2244).

Tokyo

Martha Graham Dance Company. Temptations of the Moon, Dark Meadow, Acts of Light (Mon). Temptations of the Moon, Herodiade, Night Journey, Acts of Light (Tues). Shinjuku Bunka Centre (580 0031).

Bejart Ballet Lausanne. Ring Um Den Ring. New ballet/spectacle by Maurice Bejart, based on Wagner. Tokyo Bunka Kaikan (Mon-Thurs) (725 8888).

Deutsche Staatsoper, Berlin. Tristan und Isolde. NHK Hall (Thurs) (235 1661).

SALEROOM

Gulf blamed for lack of interest

While Sotheby's struggled hard selling 19th century European pictures in New York on Tuesday (with 56 per cent unsold), Christie's had a rather different, if equally unsatisfactory, experience there on Wednesday. Its sale in the same market totalled \$4.87m (£2.49m), with 43 per cent unsold, but while Sotheby's managed to get its orientalist painting by the French artist Gérôme away for £203,422, two potentially more expensive paintings by the same artist, including a languorously nude Bathsheba washing herself at sunset with Jerusalem before her, were unsold at Christie's, accounting for a high proportion of the bought in percentage.

The saleroom blamed the Gulf crisis for the lack of interest. These two apart, the auction did well, with a Corot view of the Grand Canal in Venice selling for £332,000 and a shepherdess by Millet for £214,000.

Also in New York Sotheby's started a jewellery sale. Like Christie's the day before it augured well, the first session being 92 per cent sold with a top price of \$132,000 (£67,640) paid for an emerald and diamond ring of around 1910, which had a top estimate of \$30,000.

In London yesterday the morning session of a print sale brought in £247,907 but with almost 36 per cent unsold. Sotheby's cheered itself up by claiming a record for a set of 13 lithographs of views of the Bermudas after Colonel Edmund Hallewell, who was stationed there around 1848. The price was just below estimate but the last time this same set appeared at auction, in 1986, it had only fetched £16,500.

There was another record at Christie's, South Kensington. A clown equilibrist, produced in the late 19th century by the French firm of Bichy, sold for £19,800, the highest price paid for a musical automaton in the UK. And another at Andrew Grants of Worcester where a diver's helmet and boots sold for £2,200, way above the £900 estimate. The same auction disposed of a Regency octagonal breakfast table in burr walnut, dated to 1820, for £12,100, way ahead of the £3,000 estimate.

A copy of de Bry's "Florilegium", with contemporary mid 17th century colouring, sold for £165,000, within forecast, at Christie's illustrated book sale. The sale totalled £1.28m, with 19 per cent unsold.

Antony Thorncroft

FINANCIAL TIMES

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Friday October 26 1990

Cautionary budget tale

THE BUDGET agreement which appears to have emerged from three months of bickering in Washington is an economic non-event; but politically, it may well prove a watershed. The US voters, who like dynamism when the economy is growing, have returned to a preoccupation with burden-sharing, or "fairness", as they have in the past when times were seen as hard.

A president who won a landslide victory in 1988 on his rigid opposition to tax increases was driven to bargaining with his political opponent not on whether to tax the rich, but how to do it. This is a warning to conservative regimes everywhere. The budget process remains unreformed. And just as the right wing feared, spending cuts have been almost impossible to achieve once the tax door has been opened a crack.

It took a decade for the US fiscal deficit to grow to its present bloated scale, and it now seems likely to require another decade to get it back to a manageable size. Meanwhile, the US economy, once a locomotive for the world, is likely to remain a brake van, raising interest rates everywhere.

In terms of fiscal balance the agreement is close to what the president demanded in July, and to the package which was agreed at the budget "summit" and then rejected by both parties in Congress. That means that its impact is minimal in fiscal 1991, and barely adequate in the five-year time frame to stabilise the national debt in real terms – provided that there are no more nasty contingent liabilities to emerge, like the savings and loan collapse, as additions to public debt. Even with fingers crossed, it can be greeted in the world's credit markets only with a muted sigh of relief.

Domestic politics

It is a major event, though, in terms of domestic politics. The argument over capital gains tax and top tax rates appears to have given the Democrats what may prove a decisive tactical victory. Opinion polls suggest that they have successfully labelled the Republicans as the friends of the rich, a label which could swing a small but crucial number of congressional and gubernatorial elections next month. As a result, the president may have to spend the second half of his term working with a Congress which can on occasion over-ride his veto.

Mr Bush could be a lame duck barely two years after his election victory. This need not of itself prevent the US facing some of the hard decisions which are clearly overdue: Mr Bush is by nature a consensus man. President Eisenhower showed that the White House can work productively with a "hostile" Congress, and President Carter that it can fall foul of one which is nominally supportive.

Reform unlikely

It seems sadly unlikely, though, that Mr Bush and today's Democratic party can achieve the reforms and decisions which are needed. The polls which paint the Republicans as the rich man's party also show the Democrats as the slaves of special interests, and the voters' judgment looks acute. The defence bill which finally emerged from the reconciliation process between House and Senate cuts is a sad example: in the end no real decision were taken, and all the weapons programmes – each with its strong local constituency – were maintained, though on a starvation diet, the surest known recipe for wasting money.

Since the Constitution established the Congress to represent regional interests only a reform in the budget process, giving the executive the option to leave voted funds unspent, seems likely to end the waste. However, waste elimination alone would not in the long run produce fiscal balance. At some stage a decision must be taken about the retired: only substantially higher taxes would enable their claims to be met into the next century. The main options are to cut benefits, to tax them or to raise the retiring age. If this were done soon, the surplus in the social security fund would grow to a level which would make a real dent in the national debt. But the old vote in greater numbers than any other group, and the fund is already in surplus. Nothing, then, could look less likely.

What to make of Polly Peck

POLLY Peck International is so far removed from the mainstream of British corporate life that it is tempting to regard it as sui generis – a case on which it might be unwise to rest any generalisations about the workings of the system. Yet it is hard to escape the conclusion that there is something fundamentally wrong with a capital market that can put a value of £2bn on a company at one moment, only to discover that the outfit is potentially insolvent four months later. Unusual Polly Peck may be; but it is often the corporate mavericks, with highly individualistic, entrepreneurial management, that expose the cracks in the structure. And the nervousness of the stock market as a whole, in the face of this dizzy collapse, suggests that there are indeed wider questions worth pondering.

Mr Asil Nadir, the company's chairman and chief executive, has always appeared to stand at a distance from the crowd because of his Turkish Cypriot origins and the remarkably high proportion of Polly Peck's business that is outside the UK. Yet he shares a number of features in common with the group of ailing businessmen loosely known as the "Thatcher entrepreneurs". One of the more salient was his readiness to make very ambitious acquisitions, financed primarily by bank borrowings, in relation to his existing balance sheet. In a period when traditional banking relationships were breaking down under the pressure of increased competition arising from deregulation, Mr Nadir, like so many others, borrowed widely, but not well.

Frequent warnings

As the central bankers have frequently warned since the recession of 1980-81, companies that seek to profit from the shift to transactional banking by adopting a divide and rule policy towards the army of lending bankers who knock on their door may pay a high price at a later date. In the rather chilling phrase employed yesterday by the Governor of the Bank of England, Mr Robin Leigh-Pemberton, such creditors "have a relatively shallow grasp of the realities of the company's business and a corresponding level of commitment".

Whether Polly Peck's finances would now be intact if it had shopped around less enthusiastically for the finest terms in the boom is inevitably a matter for conjecture. But the bickering that has emerged in recent weeks from the international banking community as banks try to protect their interests in a colder climate suggests that a decade of increasing liberalisation has done nothing to help the kind of co-ordinated, orderly solutions favoured by the Bank of England when the corporate dominoes start to fall.

Impaired transparency

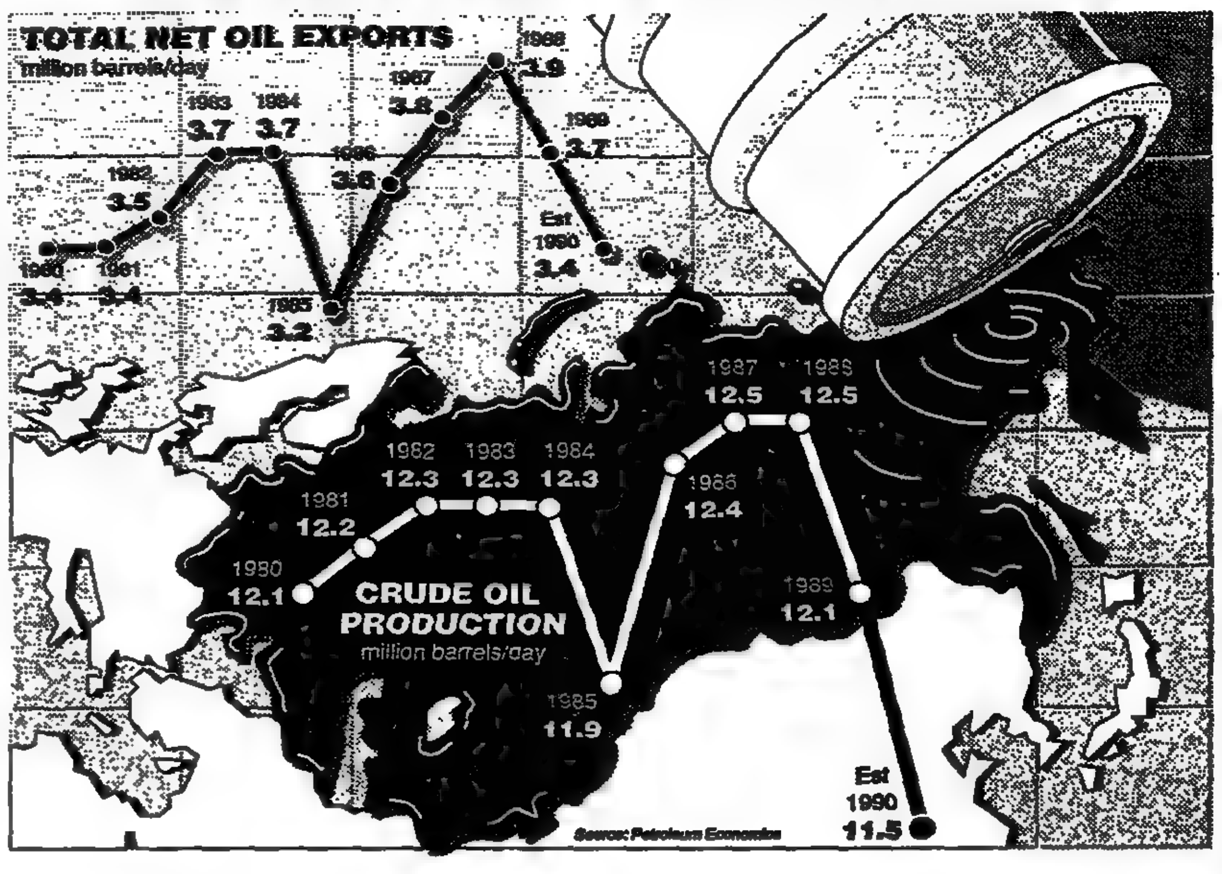
Another feature that the Polly Peck saga shares in common with earlier collapses concerns accounting and auditing. Rapid financial innovation has undeniably impaired the transparency of published accounts. This is particularly true in relation to borrowings. Despite the exponential growth of instruments such as interest rate swaps and caps, the accounts of highly borrowed companies too rarely reveal the extent to which debt has been hedged.

That said, a striking feature of Polly Peck's accounts was the failure to match costs with revenues: huge losses arising from a mis-match of currency exposures were removed from the profit and loss account by the age-old practice of reserve accounting. If this is true and fair, calling for no comment from the auditor in an age of proliferating auditing standards, bankers and shareholders might well question the point of an audit.

The riposte from a cynical auditor might be that bankers no longer seem to pay much attention to accounts anyway and that City analysts have long since lost the art of reading a balance sheet. And the hard-headed will conclude that more casualties are inevitable in a liberalised market. The good news for the more soundly-based banks is that lending margins are widening as a result. The worry is that Polly Peck will none the less encourage them to pull in their horns just when confidence is becoming a waning commodity.

Quentin Peel reports from Tyumen, western Siberia, on whether western capital can come to the aid of the ailing Soviet oil industry

Sticky time for a valuable resource



"Just look at that map." Dr Vladimir Spielman, deputy director of the Western Siberian Geology Institute, waved at the wall, where the wealth of the world's richest oilfields was spelled out in great blotches of brown, yellow, orange and green.

"Even our Creator could not have laid it out in a better way. At the heart of every oilfield you have a great deposit of gas in the centre. Any western company having the same fields would do the obvious: inject the gas to lift the oil. It is what they do all over the world.

"So what do we do? We don't inject gas, because we don't have any factories which can produce the compressors at the right time. We have been asking for them for 15 years, and they are still not making them. So we inject water instead."

Dr Spielman's exasperation at the state of his industry is reflected across the board, in every interview with high officials, planners, engineers and ordinary workers. The extraordinary wealth, and appalling wastage, of the Soviet oil and gas industry, is legendary.

At a time when the Soviet economy is teetering on the brink of disintegration, production is crumbling, the infrastructure collapsing, and the lines of authority of the old command system are broken, the western world is looking at Soviet energy as the one possible basis on which to rebuild it.

This is the industry which generates the bulk of the country's export earnings, which has absorbed a huge share of capital investment for decades, and which is still sitting on untold reserves of oil and above all, of gas. While the rest of eastern Europe is facing a potentially disastrous energy squeeze as the Gulf crisis pumps up prices, the Soviet Union should be set to reap the benefit.

Yet the state is bankrupt, unable to keep up the capital flow needed to maintain oil production. Can western investment in Soviet oil and gas provide the motor which revives the collapsing economy?

The truth is that the Soviet oil industry is itself in a state of turmoil, reflecting the chaos in the rest of the Soviet economy. At the same time it is burdened with an inheritance of technical incompetence, illogical planning, ecological negligence and, above all, a drive for production at all costs, which have left it frighteningly ill-equipped to cope with the technological demands of the coming decades.

Production is falling, when it was supposed to stabilise: down from 624m tonnes in 1988, to 607m tonnes last year, and no more than 575m tonnes this year. Exports have had to be cut back to protect the domestic economy, just when the hard currency is desperately needed. They were 6.3m tonnes below target in the first nine months – almost entirely at the expense of eastern Europe.

Threats of industrial unrest in Tyumen have plagued the industry all year, as the workers, and their union leaders, try to use their bargaining power to eke out a few basic amenities from the bankrupt state.

So far the threats have seemed more theatrical than real. There is a suspicion that the union leaders, fearful of losing all political control like their brothers in the coal mines, have chosen to be more radical than their workers. But there is no denying the miserable conditions endured by the oil workers in the Siberian wastes.

They live in communal shacks or builders' caravans, even those who have come to stay, for years on end. Health care is virtually non-existent, and schooling is rudimentary. Doctors and teachers are paid a fraction of the wages of the wealthy oil workers. As for supplies of goods in the shops, they are as miserable as they have become in most of the rest of the country: meat has disappeared from the state shops in Tyumen, and sausage is only available for ration cards.

The environment is an almost unmitigated disaster. Vast acres of Siberian marshland have been destroyed by oil spills, in the headlong drive to raise crude oil production at all costs since 1965, when oil from the Tyumen field started to flow.

The irony is that the water pumped into the oil wells becomes contaminated and highly corrosive. That in turn has destroyed hundreds of miles of feeder pipelines – an estimated 1,000 kilometres are in urgent need of replacement, according to local reports. There are 40,000 pipeline accidents in the huge territory every year.

Oil industry officials admit they have no way of telling when the pipes have sprung a leak, except when no oil is coming out the other end. Preventive checks and repairs are almost unknown. At the same time, huge quantities of gas are being burned off into the atmosphere – about 16bn cubic metres, or almost a third of the total consumption of the UK, each year – causing unknown damage on the edges of the fragile Arctic.

And yet western oil companies are queuing at the door, looking to get a foothold in the world's last unexploited reservoir of accessible energy.

Mr Viktor Pavlov, vice-president of the newly-formed Tyumen Oil and Gas Association, umbrella body for 10 oil production companies in the region, has a stack of glossy oil company brochures on his desk. Exxon, Conoco and BP stand out on top. Every oil major in the world has passed through in recent months.

Both Conoco and Elf-Aquitaine of France have signed declarations of intent this year to begin joint ventures with Soviet partners. Down in Kazakhstan, Chevron is set to finalise joint production rights for the huge Tengiz field beside the Caspian Sea, if a host of production and technical problems can be resolved.

Shell is involved in a modest joint venture in Nefteyugansk, in the heart of the Tyumen region, with Fracmaster of Canada, using western technology for oil well stimulation.

Back in Moscow, BP has just followed Shell, Elf and Agip by opening a full-time office, while Agip has gone one better with a plan to open a string of petrol stations round the capital. The first billboard is up on the airport road, although there is precious little sign of petrol pumps to follow it.

The Soviet oil industry is burdened with technical incompetence, illogical planning, ecological negligence and a drive for production at all costs

For such international giants, there is precious little yet to show for their interest. The declarations of intent, the joint ventures and office-openings are all token gestures in an increasingly anxious jostling for position in the market. But can they make a difference?

Dr Eugene Khartukov, chief of the World Energy Analysis and Forecasting Group in Moscow, is convinced that foreign investment on a large scale is essential for the industry's recovery, but it will be a long process.

"The industry is almost in crisis, particularly where declining production is concerned," he says. "This is the beginning of a very long and steady decline. There are quite sound, objective reasons for that, and they cannot be changed overnight."

He sees several causes. The first is the depletion of the resource base, as all the easiest oilfields have been rapidly exploited, and only far more difficult structures remain. Ever-increasing investment and technology will be required to maintain constant production.

The second factor, he believes, is a very poor technological base for the industry. "Almost 60 per cent of the oil production equipment in use is already obsolete. For the oil refining industry, the figure is 75 per cent," he says. "Only 15 per cent of all equipment would meet western standards."

As for the Soviet oil equipment industry, it can now only meet 25 per cent of the production industry's requirements. The fact that 75 per cent of the equipment industry is located in the southern republic of Azerbaijan, and that was severely disrupted by race riots at the start of the year, merely compounded an existing crisis, Dr Khartukov believes.

The third factor undermining the industry's recovery hopes is its economics, he says. "To produce oil in our country now is absolutely uneconomic. We have very artificial prices, and the prospect of their increasing enough to make the industry pay its way is very poor indeed. Few people realise that the oil industry is already massively subsidised. Last year it received about Rbs7bn from the central government."

The government's average purchase price of oil from the producers is Rbs25 per tonne for the country as a whole, Rbs23 for Tyumen. The wholesale price to enterprises is Rbs30. Yet the value of refined products from the same tonne of oil is about Rbs400.

The oil producers in Tyumen, and the Ministry of Oil and Gas, are demanding a rise to Rbs120 a tonne, and the oil workers want Rbs160. The government has offered Rbs60-65. "This will not be enough," Dr Khartukov says. "Equipment prices have already risen more than that. With these prices next year, the industry will still go into the red."

Moreover it is now in doubt whether there will be any energy price rise at all. The latest economic reform plans call for an energy price freeze. Indeed, if oil prices were to rise to international levels, reflecting the genuine purchasing power of the rouble, the state would have to pay about Rbs1,000 a tonne, and the whole of Soviet industry would collapse.

The industry accepts that Soviet oil resources have been depleted rapidly, and that ever greater investment will inevitably be required to extract the same amount of oil.

Yet Dr Spielman is far more optimistic. He accuses the Oil Ministry of exploiting all the easiest fields first, without investing enough in infrastructure (including schools, housing and the like) to ensure that the remaining more difficult wells would still be profitable. But he is convinced that there are huge reserves still to be found.

"Today, in western Siberia, we have found about 40 per cent of the total potential oil, and 48 per cent of the gas," he says. "Only 9 per cent of the potential oil has actually been produced, and 3 per cent of the gas." There are 489 oil and gas fields identified, of which only 123 are currently under production.

Dr Spielman, like Dr Khartukov, is convinced that only western investment, bringing both hard cash and technology, combined with a complete overhaul in domestic energy pricing, can transform the industry. But he admits that western investors are holding back because of the political and legal vacuum in the country.

Mr Vladimir Yudin, head of the oil and gas division at Gosplan, the state planning committee, agrees that it is a serious problem. "There will be a clear legal framework only when we have a new union treaty," he says, referring to the redrafting of the national constitution, the relationship between the union government and the individual republics, currently under way.

"The master of the reserves is the republic. But at the same time the research and development work is done by union enterprises, supported by the union government. The oil legislation does not exist today. Some time is required for it all to be clear."

Yet Dr Spielman is convinced that the oil majors should not wait, hesitating to be the first through the door, yet fearful also of being left behind.

"A lot of people think you should wait until the political situation stabilises," he says. "I think they are wrong. The whole economic structure of the industry is disintegrating. Now is the time for strong companies to come in, because our laws are contradicting each other.

"The basis of the economic revival of Russia and western Siberia will not be some political laws. It will be the existence of strong companies. They will influence the new structure of the laws to be adopted. The oil companies are very active now. They should not wait. If they wait for political stabilisation, it may take 1,000 years."

OBSERVER

Hahn shown green light

■ Carl Hahn, Volkswagen's chief executive, is the sort of person who would shrug his shoulders or adjust his glasses if you told him his house had burned down.

When the Volkswagen car group was hit by a damaging foreign exchange scandal three years ago, he reacted with an Olympian coolness which disconcerted many critics. "It's like stopping at a red light and being hit from behind," he said. Hahn has headed VW, the biggest car concern in Germany, and neck-and-neck with Italy's Fiat in Europe, for most of the 1980s. Now, the company has decided it cannot simply let him go when he reaches the retirement age of 65 next year.

So, in an unusual move for German industry, Hahn is being asked to stay on for another two years until the end of 1993. That possibility has been the subject of speculation for some time. Hahn himself had a typically offhand comment when asked about it. "Contracts can be extended, but life cannot." The final decision from the supervisory board will come in mid-November. But VW says a special committee of the non-executive board (including its main industrialist and labour representatives) has recommended that he stay on. So it is almost a foregone conclusion. One of the main reasons for asking him to remain is VW's heavy investment in east Germany and its ambitions in eastern Europe.

"We have an enormous obligation not to disappoint", he says when asked about VW expanding eastwards.

Mozart time

■ The Wolfgang Amadeus Mozart industry is tuning-up to note the bicentenary of his death next year with a rich variety of memorials, concerts, productions, and even – it has to be said – a few stunts.

We can expect to hear a lot more about pieces of rediscovered or unplayed Mozart.

In a distinctly competitive climate no musicians have done their homework more assiduously than the conductor Joseph Pilbery and his wife the oboist Mary Pilbery.

With his London-based Vivaldi Concertante orchestra of 20 players Pilbery specialises in Italian music and Mozart.

During an engagement in Switzerland three years ago the couple were browsing in the back room of a Zurich music shop when they hit a musician's idea of pure gold. They came across some old printed scores of a Mozart work which Pilbery – who has a long memory for such matters – believes has not been performed in Britain during his 45 years of music-making.

The work is a Mozart concerto for oboe and orchestra in the composer's favourite key of E Flat. It last for 25 minutes. "Do make clear it is is not to be confused with the well-known Mozart oboe concerto in C Major", says Pilbery.

The Vivaldi Concertante's contribution to what is certainly going to be Mozart year will be to perform the E Flat oboe concerto on Mozart's birthday, January 27th, at St John's, Smith Square, Westminster, with Mary Pilbery as the soloist.

Print run

■ The first American ever to be convicted of counterfeiting Polish currency has been sentenced to five years.

The man purchased a $19,000 laser copier in order to make the imitation notes. Some 3m counterfeit zlotys were later seized from his apartment. The exchange rate was nearly 10,000 zlotys to the dollar at the time of his arrest.

His lawyer said his client had a history of alcohol problems.

"I'm the seventh son of a seventh son".

Old ale

■ Pripps, the Swedish state brewery, has set up a special brewery in the tiny Pacific island kingdom of Tonga, population 95,000.

It works in the old-fashioned "hand-crafted by geniuses" way – which brewers love to show in their advertising, but rarely adopt in practice.

The King of Tonga said the project should create as many jobs as possible. Thus, manual labour is being used throughout the brewery instead of machinery. And tried and trusted systems have been installed in preference to high technology and computers, which anyway have trouble functioning in the local heat and humidity.

The brewery is already boosting the island state's economy by virtually eliminating beer imports.

By using traditional bottles it has also helped solve an environmental problem – the disposal of aluminium beer cans.

The importance of the new brewery to the Tongan economy can be judged from one official statistic. Previously, Tonga's total export earnings from bananas was spent on buying imported beer.

Lagos bargain

■ A colleague has just had an offer of a cool $56m.

A charming letter from someone who claims to work in the Nigerian Federal Ministry of Aviation, Lagos, says he and a number of other officials want to transfer a sum of money into her London account.

The letter emphasises that, "this is a business of confidence and honesty". It has to do with an "over invoiced" phase of a contract at Abuja airport.

The officials involved, explains the writer, want to divert $141m. He adds," These are purely foreign contracts so there is no way it could be paid locally or to a Nigerian account, hence we need a non-Nigerian's account for the deal". In return for the use of her account she would be offered 40 per cent of the money – $56m.

The essence of the swindle – for that is what it is – is to secure the number of a London bank account and the accountholder's signature. Then a well-forged letter is sent to the bank instructing transference of funds.

It says something for human gullibility that the crooks hit the jackpot with about ten per cent of their letters, according to an FT man recently in Nigeria where the practice is well-known.

Recession

■ A time when we may have to do without things our grandparents had never even heard of.

POLITICS TODAY

Twin tracks that might converge

By Joe Rogaly

When all about you are saying the same thing you know they are wrong. British conventional wisdom on monetary, economic and political union in the European Community is that we are heading – inexorably – for a form of political federation that Britain will resist but will in the end be obliged to join: The alternative is that the rest of the EC will proceed without its most troublesome offshore island. Meanwhile, the Conservative party will be split asunder. The election will be lost; Mrs Margaret Thatcher will be toppled; Labour will take over.

Another, contrary, picture seems to me to be at least equally plausible. Consider: the impetus towards monetary, economic and political union remains, but its significance is reduced, or perceived to be so. Euromania slowly subsides. The much-feared destination, a federal Europe, continues to recede into an ever-further distance. The process of bargaining among the 12 members of the EC continues along its usual course, with Italian eruptions here, British obduracy there and an uncertain Franco-German alliance everywhere. The end result of each crisis is an agreement signed by all. The Conservatives squirm, but unity is maintained. Mrs Thatcher is not toppled. Labour does not take over.

Leaving aside such base considerations as the short-term effect on British domestic politics, the above paragraph might be rejected as merely a fuzzy print of the first, starkly federal, picture. You could argue that it amounts to an evolutionary process at the end of which there does indeed lie a united states of Europe. Yet the organic approach is implicitly accepted by many British ministers, including the former foreign secretary, Sir Geoffrey Howe, and his successor, Mr Douglas Hurd, neither of whom is very keen to contemplate the possible destination.

It is possible to view this same fuzzy print through blue-tinted spectacles. Suddenly all becomes attractive. The inherent irreconcilability of European nationalism with Euro-federalism will either keep the latter at bay until comfortably into the next century or destroy it altogether. This is highly likely to be true of actual political federation, and just possibly true of the level of economic and monetary union that would so diminish national control over national economies as to constitute a federation in all but name.

If you take this line, which to English nationalists such as the prime minister is less unpalatable than any alternative, it is possible to postulate an agreed outcome to the present disputes. That, certainly, is the current view in No 10 Downing Street. The decision to enter the exchange rate mechanism of the European *monetary system may have* been hard to swallow, but it is yesterday's news. Now the next step is to finesse the other members of the EC into saving the Conservative party. There will be troubles, and big headlines, at the December inter-governmental conferences on economic and political union but in the end there will be give on all sides, *including the British side*. Therefore, as seen from No 10, it is at least possible that the signatures of all 12 heads of government will be appended to any agreement.

Mr Nigel Lawson, the former chancellor of the exchequer, is one witness for the latter proposition. He argued, in the House of Commons on Tuesday, that there is a world of difference between stage two of the Delors programme, for which he believes a date might soon be agreed, and stage three, for which he foresees "no possibility" of a starting date. Stage two is notoriously vague, but Mr Lawson describes its essence as being "independent national central banks co-operating closely together"; *stage three, the single* currency "is something so far down the road that, if it ever happens, we do not need to be concerned about it now".

It is true that even if you stop at "independent central banks operating closely together" there is a huge snag. Neither Mrs Thatcher nor the Labour leader, Mr Neil Kinnock, can be said to be ready to swallow the privatisation of the Bank of England. The freedom to ruin the British economy is a jealously-guarded prerogative of Whitehall; the Commons cherishes the illusion that coming in from the members' bar to rubber-stamp Treasury decisions constitutes parliamentary sovereignty.

Yet the package for the hard Ecu proposed by Mr John Major, the chancellor of the exchequer, contains within it seeds that, properly planted, could come up Lawsons. It requires management by a European monetary fund that would have to be either wholly independent or run by a college of bankers drawn from national central banks. Mr *Major also leaves open the possibility* of the hard Ecu evolving into a single currency "if that were the wish of governments and peoples".

Turning these concepts into agreement to a restructured Delors stage two should not be difficult for a chancellor who abandoned a commitment not to join the ERM until the actual rate of inflation fell by substituting "prospective" for actual. He managed this in a few short phrases at a conference of the International Monetary Fund. Adding a phrase that seems like acquiescence in an eventual single currency as a goal of policy should not trouble a prime minister who would have us believe that she assented to membership of the ERM for any reason other than a political desire to reduce interest rates. A great deal depends upon the willingness of the French and the Germans to accept the language of irresoluteness from this flexible pair of politicians in Downing Street. The pair may be lucky. The least that can be said is that now that Germany is safely unified, we cannot be certain that Britain will be called upon to join the Emu before Christmas.

In short, it is at least possible that the celebrated train taking us towards European unity will now pause for at least a while at a halt labelled single market plus natural enhancements. The downside might be a growth in the "democratic deficit", or, in plainer words, a larger and more powerful bureaucracy in Brussels.

This latter supposition is supported by the European Commission's proposals on political unity, put forward in a brief paper on October 21. Its essence is the maintenance of the existing structure, with additions as necessary. That implies a relatively toothless elected European parliament, a strong commission (no surprise here) and an over-riding council. The latter is a colloquy of the member governments; while it prevails there can be no theoretically independent central bureaucracy, although the Commission is now long practised at extending its powers by exploiting divisions among member states and *broadly* interpreting such authority as is put in its hands.

It would therefore gain from its proposal to extend majority voting in the council, but that would not be federalism. It would simply add to the number of areas of policy in which power is shared between other EC governments. There is justification for this on some issues, but not others. For example, on the environment, the scientific need is for cross-*border arrangements; nationalism* is disfunctional when it comes to curbing carbon dioxide emissions. Foreign policy and defence are a different matter. Some of the continentals have shown themselves to be less than steadfast over the Gulf crisis, while the French are not inclined to share control over their armed forces.

The upshot is that it should be perfectly possible for Mrs Thatcher to face this weekend's "emergency" summit of the EC knowing that its purpose is to flatter the Italians during their presidency and the mid-December inter-governmental conferences knowing that there is little to fear on political unity and everything to play for on economic and monetary union. If she lets her head rule, she could yet sail through unscathed.

German pick-me up for fork lift trucks

Charles Leadbeater on the announcement of a £40m plant investment at Lansing-Linde

Mr Graham Lewcock is looking forward to the gold watch he will soon receive for 25 years' service at Lansing-Bagnall, the fork lift truck manufacturer based at Basingstoke in Hampshire. Mr Lewcock, the manager of the company's machine shop is one of 45 employees from a workforce of about 1,600 who will receive the watches from the Sir Emmanuel Kaye, the entrepreneur who founded the company in the early 1940s.

A decade ago, Mr Lewcock's long-service watch would have been in jeopardy. Though Lansing Bagnall had been the UK's pre-eminent fork lift truck maker for three decades, with a reputation for quality and innovation, it was hit hard by the recession of 1980-81.

In February last year, Sir Emmanuel dropped a bombshell when he announced he had sold out to Linde, the German fork lift truck maker. The creation of Lansing-Linde was *an admission that one of the* most enduring entrepreneurial success stories of British industry had run out of steam.

However, there is little sense of depression or failure 20 months after Linde's takeover. In spite of a 20 per cent decline in UK fork lift truck sales this year, the site is humming with activity and the management brimming with confidence. Mr Lewcock says: "We would not be here today if it were not for the Germans. We simply would not have survived the fall in the market."

The most obvious cause for Mr Lewcock's confidence is the announcement yesterday of a £40m investment plan to construct one of the most modern fork lift truck manufacturing plants in the world.

Lansing's passage from a shining example of independent engineering to become the British arm of Linde's European fork lift truck empire is a vignette of what has become of much of British engineering. Its story is also a salutary warning that industry could still be paying the costs of the current recession well after it finishes. For the story of the fall and rise of Lansing begins with the recession of 1980-81.

Mr Terry Colson, joint managing director, recalls: "We only just survived. Overnight we went from producing 35 units a day to eight." In 1980 the workforce of 5,000 was cut by 40 per cent.

Thereafter the company had been running just to catch the competition. Most significantly, while Lansing was living hand to mouth, planning only a month ahead, its main competitors in Germany such as Jungheinrich and Linde were investing for the long term.

By the mid-1980s Lansing was back on its feet and looking to the future. In 1986, after two years' planning, it launched a £14m investment programme designed to recover its international competitiveness. Since then it has introduced the kind of changes which many British engineering groups would envy.

The number of sites was cut from three to one. The company invested in computer aided design. Product development *time was cut from five* years to three. Since 1987 training expenditure has increased significantly.

At a cost of almost £500,000 an automatic paint shop was installed, cutting costs and improving quality. A computer controlled metal cutting and welding system produces about 45 per cent of fork lift truck chasses. Five years ago a welder would have taken five hours to do what it now takes a computer controlled machine only 17 minutes to achieve.

But in spite of its best efforts Lansing never managed to match the pace set by its German competitors. Mr Colson says: "The productivity gap with Germany is still about 30 per cent."

Mr Colson is confident the new plant will close that gap. There will be more robots, for instance to weld some masts. But the main source of the improvement will be the simplification and integration of manufacturing within one large assembly hall replacing the 11 separate shops within the Basingstoke site.

Lansing-Linde will produce higher volumes but from a narrower product range. It will become part of Linde's integrated European production system concentrating on sophisticated warehouse *trucks, boosting its exports* from 40 per cent to 70 per cent of its annual output of about 3,000 trucks a year

About 60 per cent of the trucks it produces are built to customer specifications. In future there will be more standardisation, with variations for customers' special needs added at the latest possible moment.

Mr Colson expects a 15-20 per cent reduction in unit costs. The time it takes to make the most complicated very narrow aisle trucks could be cut by more than half, according to Mr Terry Pritchard, manager of the assembly plant.

Mr Bruno Kulick, joint managing director responsible for marketing, expects these manufacturing changes, combined with more aggressive marketing, to lift Linde's UK market share from about 24 per cent to more than 30 per cent.

This transformation will *have its costs. In the next few* years employment should fall to about 1,000. More components will come from Linde's German suppliers.

But the main prico is the change in Lansing's status. Partly because of the recession 10 years ago Lansing has had to forego its position as an independent, general fork lift producer, to become a specialist part of a larger, German-led grouping. Is it inevitable that the German company *should* have taken the lead?

Mr Kulick, a German manager brought in from Lansing Bagnall's former German operations explains: "Linde has really good long term planning, very solid. The Germans have never seen anything like the recession of 1980-81. Their market may go down by at most 10 per cent, but not 20 per cent to 30 per cent. They do not have to cope with that disruption to their business."

In three years many British engineering companies may look back on the early 1990s happy to have survived. It is then that industry will have to pay the longer term cost of recession as they emerge from the bunker to find how far ahead their competitors have advanced.

LETTERS

Auditors' independence and integrity

From Mr C. Swinson.

Sir, Your editorial comment, ("Auditing the auditor," October 19) refers to the application by the three Institutes of Chartered Accountants to become recognised supervisory bodies under the Companies Act 1989. You rightly describe the proposals for audit supervision as an advance, but you fail to recognise the very strict ethical rules which already govern the independence of auditors.

Chartered accountants in the UK are required to meet standards of integrity and independence that are among the highest in the financial community. Not only are auditors barred from holding shares in client companies and from entering into other financial arrangements, such as loans, but these restrictions are also applied to other departments within the same firm. Nor is it true to say that the directors appoint their own watchdogs. Auditors are appointed annually by the shareholders in general meeting. Although appointments are generally on the recommendation of directors, the law enshrines the right of the auditor to communicate directly with the shareholders in the event of a move to replace him. Professional rules require a new auditor to consult with the outgoing auditor to ensure that there is no reason that the appointment should be refused. These safeguards serve to ensure that the auditor's independence cannot be compromised in a dispute with the board.

The issues surrounding the independence of auditors were thoroughly debated three years ago when the Department of Trade and Industry issued its consultative document on regulation of auditors. Government clearly accepted that auditors do exercise a proper degree of independence and that further measures were not required. *We believe that no* audit failures involving important firms have resulted from lack of independence.

Far from failing to address the central question of independence, as alleged in your editorial, the monitoring proposals go right to the heart of this vital issue. When implemented, the monitoring process will generate additional data on the standards of independence achieved by audit firms. It will then be possible to take properly informed decisions about the need, if any, for further action.

C. Swinson,
chairman,
Financial Reporting and Auditing Committee,
Institute of Chartered Accountants in England and Wales,
Chartered Accountants' Hall,
Moorgate Place, EC2

From Mr Robert Melville.

Sir, Your editorial comment regarding the decision by the chartered bodies to set up their self-regulating authority raises two key issues.

First, how can such a body claim "independence" when it is itself responsible for its own integrity and effectiveness. Independence is much more than a mere arm's length distance from the paymaster. It requires an independent state of mind which is encouraged by clearly defined reporting lines and a fundamental statement of intent from senior management. For many organisations now, a properly constituted internal audit department which can review all systems and *activities in the* organisation fulfils the need for an independent review which a specifically financial opinion cannot provide.

Secondly, there is a clear need for companies to set up audit committees which have the brief to supervise and control all audit related activities: remuneration, reports, liaison between external and internal audit and appointments. Until such committees are required, there will always be a risk that audit work will not be perceived to be independent. Such committees should include non-executive directors to ensure the effectiveness of an objective position. This will encourage the *"second tier"* which you note is absent at present.

The 1989 Companies Act made some interesting changes to how external audit is managed. But until future legislation addresses the issue of a statutory requirement for internal review, and companies and shareholders recognise the advantage of independent non-executive directors, I fear that auditors will never be able to offer an alternative to a narrow and restricted view of a company's health.

Robert Melville,
lecturer,
Centre for Internal Auditing,
City University Business School, EC2

From Mr Swraj Paul.

Sir, We very much appreciated your comment, both as the eponymous victim of the Caparo case, and as the party which has so far footed the bill for enlightening the investment community to the danger of relying on audited accounts.

We entirely support your contention that the House of Lords ruling means that "the auditors' duty to anyone other than the existing shareholders is so limited as to be close to meaningless".

The ultimate solution probably lies with a combination of legislative change (to make auditors liable) and a complete *change in the nature of the* current three-line audit report so as to give the auditors a proper opportunity to say what they really think about the financial reporting and controls of their client.

We hope investment institutions, who collectively face a large risk under the present unsatisfactory situation, will heed your request and start playing a constructive part in this debate.

Swraj Paul,
chairman,
Caparo Industries,
Caparo House,
103 Baker Street, W1

Turkey, Cyprus and UN resolutions

From Mr Angelos Angelides.

Sir, Edward Mortimer's article ("More than one kind of linkage," October 16), in which he recalled Turkey's invasion of Cyprus in 1974, caused Mr Genc (Letters, October 23) to resort to a much rehashed justification and distortion of historical records.

Mr Genc cannot brush aside the fact that Turkey continues to occupy 38 per cent of the territory of Cyprus, a member of the United Nations, and has assimilated it into Turkey.

Nine thousand years of history and culture are being methodically destroyed, all the indigenous inhabitants (200,000) have been uprooted, and 75,000 Turkish colonists from the mainland have been transplanted into the occupied area. The occupied part of Cyprus is often referred to as the 68th province of Turkey.

Mr Genc should also know that the numerous UN General Assembly and Security Council resolutions specifically call for the respect of Cyprus's independence, sovereignty and integrity, the withdrawal of all foreign military forces and the return of the refugees to their homes, in conditions of safety.

Angelos Angelides,
high commissioner,
Cyprus High Commission,
93 Park Street, W1

And then the bank agents took their fees

From Mr Gordon Wilkinson.

Sir, Stephen Fidler's article ("Foreign exchange accord criticised," October 17) was most helpful. However, small businesses like ours would value improved communication between European banks on currency exchange matters.

Such co-operation might reduce the exorbitant charges on sterling-denominated cheques drawn on European banks.

In one instance last week, 33 per cent of the £55 that we had worked hard to earn went on bank agents' fees.

Gordon Wilkinson,
editor and publisher,
Analytical Instrument Industry Report,
PO Box 78,
East Grinstead, Sussex

Living in the different Post Office world

From Mr Harold W.D. Hughes.

Sir, The chairman of the Post Office must be living in a different world if he believes that the first-class service "is far better than ever before" ("Post Office says delivery is best ever," October 23).

This association, which has 36 member oil and gas companies, has had to resort to extensive use of fax and courier services to maintain effective communication. A batch of papers sent first-class recently, mostly to the London area, did not arrive for two days and some were delayed for five. I imagine we are not alone in such experiences.

Harold W.D. Hughes,
UK Offshore Operators Association,
3 Hans Crescent, SW1

FINANCIAL TIMES
Friday October 26 1990

Soviet godfather of diplomacy

Lionel Barber examines the issues behind the Primakov shuttle

THERE is more than a touch of Henry Kissinger about Mr Yevgeny Primakov, the Soviet Union's special envoy in the Gulf crisis.

Like "Dr K", Mr Primakov has the uncomfortable knack of keeping his diplomatic counterparts guessing. And so it was this week when he popped up in Cairo, the first leg in a second round of shuttle diplomacy which is causing some queasy stomachs at the higher levels of the Bush administration.

Only last Friday, during an 80-minute session in the Oval Office, president Bush told Mr Primakov flatly that the US was not interested in striking a deal with Iraq. Partial solutions, said Mr Bush, were out. And there the matter was supposed to have ended.

The official response to Mr Primakov's latest mission to Egypt, Iraq, Saudi Arabia and Syria is to profess ignorance as to its motive. But the nagging question remains: is Mr Primakov – intentionally or otherwise – muddying the waters in the multinational effort to eject Iraqi forces from Kuwait?

These were among the questions discussed yesterday at a meeting between Mr Bush and Mr James Baker, US secretary of state, as they mulled over the possibility of a high-profile diplomatic counter-mission to the Gulf and to Europe aimed at stiffening spines.

The Primakov shuttle diplomacy raises delicate issues for the Bush administration which has gone out of its way to praise the Soviet Union for its co-operation during the Gulf crisis. The common US-Soviet front in the United Nations Security Council was, after all, the driving force behind the imposition of unprecedented sanctions against Baghdad.

Soviet diplomat Yevgeny Primakov: delicate status

Equally delicate is the status of Mr Primakov – a close adviser of Mr Gorbachev since his ascent to power in 1985 – within the Soviet foreign policy establishment, US officials say.

Just as Mr Kissinger acted as President Nixon's unofficial secretary of state in the Vietnam war, so Mr Primakov has raised his profile as Mr Gorbachev's special envoy at the expense of Mr Eduard Shevardnadze, the Soviet foreign minister, in the Gulf crisis. This is not a comforting development because Mr Baker has gone out of his way to cultivate a relationship of trust with Mr Shevardnadze.

Asked about these matters, the Soviet embassy in Washington drew a comparison between Mr Primakov's efforts and Mr Kissinger's shuttle diplomacy in 1973, following the Arab-Israeli war. "The Gulf is another problem, another circumstance," said a spokesman, "but Kissinger was the godfather of shuttle diplomacy and he tried to find peaceful solutions to problems."

By this account, Mr Primakov, 61 next week, intends to use personal contacts in the Middle East which go back more than 20 years.

CONTRARY to rumours, Mr Primakov did not bring a peace plan to Washington last week. Instead, he told Mr Bush (and Mr Baker) that it was important to construct a face-saving solution for Mr Saddam – "a way out" – in order to avert a war. However, informed accounts suggest that he remained extremely vague as to how this could be achieved.

He made no reference to exchanging Kuwaiti territory for an Iraqi withdrawal. At best, he hinted that Iraq should be offered the prospect of stepped-up international efforts to resolve the Arab-Israeli dispute, possibly through a peace conference.

Last week the Bush administration said that there could be no "partial solutions".

The question this week is whether Mr Primakov intends to pursue the idea of territorial concessions, particularly after weekend remarks of Prince Sultan, the Saudi defence minister, suggested this might be possible. Mr Bush must hope this is not the case; if it is, it risks further fragmenting the alliance against Iraq.

US delays decision on farm subsidies cuts

By William Dullforce in Geneva

THE US yesterday asked that the European Community be given a last chance to table a proposal on cuts in farm subsidies, thereby delaying the outbreak of a potentially fatal crisis in the Uruguay round of trade talks.

Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade, was about to call an extraordinary meeting of the Trade Negotiations Committee (TNC), the Uruguay round's governing body, for November 6 after the Community had acknowledged that it might be unable to submit an offer on farm reform.

The intention was that the TNC, with several trade ministers present, would decide how to handle the deadlock over agriculture which threatens to bring the four-year exercise in world trade liberalisation to a breakdown just 40 days before it is due to end.

Mr Warren Lavorel, US negotiations co-ordinator, urged Mr Dunkel to postpone his decision until after the joint meeting today in Luxembourg of EC farm and trade ministers and the meeting of EC heads of government in Rome at the weekend.

He was backed by several other delegations.

Mr Dunkel's desire to call a crisis meeting of the TNC was triggered when hopes that the EC could resolve its internal impasse over farm reform appeared to be fading.

President François Mitterrand of France had urged his ministers in a cabinet session on Wednesday to take a firm line in defending French farmers' interests at the meeting in Luxembourg today.

French officials had stressed that France, the Community's biggest farm producer, would not be satisfied by the package of compensation payments for farmers that the EC Commission is putting together in the hope of persuading Germany to accept the farm reform proposal drafted by Mr Ray MacSharry, the Agriculture Commissioner.

Paris wants to ensure that no concessions will be made on Community export subsidies in the Uruguay talks and that barriers are maintained to imports of soya bean, other oilseeds and corn gluten feeds.

It also wants to retain preferential access to EC markets.

Late on Wednesday, Mr Tran Van Thinh, head of the EC delegation to Gatt, told Mr Dunkel and senior negotiators that it might be impossible for the EC to agree on a farm proposal.

Earlier in the day, at an informal TNC meeting, the US and several countries from the 13-nation Cairns Group of farm exporters had maintained that even if it were tabled, the proposal to cut farm supports by 30 per cent under discussion in the EC would provide no real basis for continuing the farm talks.

The US and Cairns Group are seeking 90 per cent cuts in export subsidies and 75 per cent reductions in other forms of support.

Confronted with a situation in which the EC might be unable to agree on a proposal – and even if it did, the proposal might not been enough to lead to serious negotiations – Mr Dunkel decided it was time to call a crisis meeting of the TNC.

The US persuaded him to wait until next week.

Mr Louis Mermaz, French agriculture minister, in Paris yesterday evoked publicly the possibility that the Uruguay round might have to be extended beyond its December deadline.

"We would be better off accepting a delay than in rushing to sign a bad agreement (that would hurt French agriculture)," Mr Mermaz said.

Japan offers to cut tariffs, Page 5

Gardini, ENI rekindle battle for Enimont

By Haig Simonian in Milan

MR RAUL GARDINI, the head of Italy's Ferruzzi-Montedison group of companies, yesterday rejected the terms set by ENI, the state-owned chemicals and energy concern, for the sale of its 40 per cent stake in Enimont.

Complaining of "distortions" in the contract prepared by ENI, Montedison described the conditions as "unacceptable," putting to an end hopes of a swift conclusion to one of the most bitter battles in Italian corporate history.

However, rather than indicating a willingness now to sell out to ENI, Montedison hinted strongly at a return to the confrontational tactics it had pursued prior to the latest government-inspired attempt to find an acceptable divorce settlement between the two groups over the future ownership of Enimont.

Addressing a hastily-convened press conference in Rome, Mr Gardini said the government's plans to settle Enimont's ownership had been valid and acceptable. However, it was now up to Enimont to take its own decisions.

The form of words implied that Montedison would push ahead with its plan to call a special meeting of Enimont shareholders, at which it would use the majority stake it holds in conjunction with other allies to replace some or all of the ENI representatives on Enimont's board with its own supporters.

The meeting would also push through the corporate plan for Enimont backed by Montedison but blocked by the ENI side.

The return to such a pugnacious approach probably followed fruitless contacts earlier in the day between Mr Gardini and Mr Franco Piga, the Minister for State Shareholdings. Having failed to eleicit government support for his accusation that ENI had distorted the sale procedure, Mr Gardini may have had little choice but to resort to his previous approach.

Polly Peck investigation

Continued from Page 1

Mr Stone said he had held a fruitful 45-minute discussion with the Turkish Cypriot Foreign Minister. "We expect that we will get progressively more co-operation from the Turkish Cypriot authorities."

Coopers, which previously had been retained by Polly Peck to report on its operations, is prevented by an injunction from examining any papers in northern Cyprus.

He said Coopers had been shown documents which indicated that about £100m was being held by Polly Peck companies in three Turkish Cypriot banks along with a further £40m.

Coopers had not yet formed a view on Polly Peck's 1989 accounts, which were given a clean audit report by Stoy Hayward, the accountancy firm.

Mr Jordan said Coopers was trying to find £200m in the accounts, now reported as missing.

Arms industry faces deep cuts

By Robert Taylor in Stockholm

THE WEST European arms industry may have to lose up to a third of its workforce over the next six years because of cuts in equipment and procurement budgets, according to the Stockholm International Peace Research Institute.

The institute says in a report published yesterday that about 350,000 jobs will go by 1995 if present trends continue. However, the figure will be as many as 500,000 if a Conventional Forces in Europe (CFE) agreement is signed.

The study calculates that the European Nato members' production of major equipment will fall by a sixth from $34.8bn last year to $29.3bn in 1995.

The institute believes that the "macro-economic impact of reduced military production will be negligible, though, localised impact, if companies get into economic difficulties, might be severe", particularly in Britain.

It emphasises that co-operation and co-ordination between west European countries in defence procurement is "not yet part of reality", and suggests that the European Community ought to be given the responsibility to develop a transnational strategy in this area.

The institute also believes that there will be an increase in company mergers and takeovers in the European defence industry over the next few years in response to an improving international climate.

It argues that a future arms control agreement will act as "the catalyst for a change in the structure of Nato procurement decision-making" and bring an end to defence procurement decisions taken by governments on a purely national basis.

The study believes that shipbuilding companies and tank producers are particularly vulnerable to defence spending cuts. It suggests the shipbuilders Cammell Laird, Swan Hunter, Yarrow and Vosper Thorneycroft in Britain, as well as HDW and Lürssen in Germany and E N Bazán in Spain, are likely to be hit badly.

In tank production, the institute believes Vickers will face problems, "even if it is chosen as the contractor to replace the Chieftain tank" and it will be forced to diversify away from defence contracting.

It adds that the Italian tank manufacturer Oto Melara "is faced with serious difficulties", that the German companies Krauss-Maffei and MAK have already reduced their tank production capacities, while GIAT, the French state-owned concern, has announced lay-offs for the next two years.

West European Arms Production; Structural Changes in the New Political Environment. $10

Paying the price for pulling the plug on a program

By Louise Kehoe in San Francisco

IT BEGAN as a common business dispute about contract payments in Silicon Valley. It ended up as an extraordinary case of alleged computer-hacking and attempted extortion, raising renewed concerns about the vulnerability of corporate computers.

Revlon, the US cosmetics group, has filed suit against a small Silicon Valley software developer, Logisticon, alleging that, with a midnight telephone call on October 15, the software company tapped into computers at two of its main US distribution centres, disabling the computers and bringing product shipments to a halt.

Logisticon claims, however, that it was merely attempting to "repossess" its property – a set of computer programs designed to keep track of warehouse inventory – because Revlon refused to pay for the software.

Revlon says the software never worked properly and says it was withholding payments pending settlement of the contract dispute.

Logisticon alleges, however, that "the substance of this dispute is that a giant corporation, Revlon, wrongfully is utilising software prepared by a very small company, Logisticon, and refusing to pay amounts that are rightfully owed."

The software company claims that Revlon was withholding payments and demanding access to its "source code", or a listing of the program's instructions. Licensing the source code would, however, make it possible for Revlon to copy or modify the program.

Logisticon says it resorted to "repossessing" the software as "the only leverage available" to force Revlon to pay. Under pressure from Revlon, Logisticon switched the software back on three days later.

"During this period, Revlon could not process inventory or sales orders and was unable to identify and distribute products to the marketplace," its suit states. Revlon's daily sales from the distribution centres "which are normally millions of dollars, were brought to a standstill".

Revlon is seeking unspecified damages.

Pakistan's IDA to form government

By Farhan Bokhari in Islamabad

PAKISTAN'S Islamic Democratic Alliance fell just short of a majority of national assembly seats in yesterday's general elections, but will easily be able to form a government with the help of allies.

Final results showed that the IDA of Mr Ghulam Mustafa Jatoi, the caretaker prime minister, won 105 of 207 Moslem seats contested in the lower house. Apart from Moslem seats, there are 10 more for non-Moslem minorities, but it will take longer to declare their results.

The Pakistan Democratic Alliance, dominated by Ms Benazir Bhutto's Pakistan People's Party, won 45 seats.

The interim government yesterday defended its handling of Wednesday's elections and denied there had been widespread rigging.

A western diplomat in Islamabad said the international observers initially did not report any incidents that would substantiate Ms Bhutto's claim that her party lost due to massive vote rigging. However, more detailed reports have yet to be published by other delegations.

Mr Jatoi avoided answering questions on the potentially divisive issue of his party's choice for a candidate for prime minister. Mr Jatoi and Mr Nawaz Sharif, former chief minister of the Punjab, are considered to be the two leading candidates. Mr Sharif has emerged as a strong contender after the IDA swept the Punjab, taking 91 of the 105 seats in the province.

Rigging rumours, Page 6

THE LEX COLUMN

ICI pedals into the wind

Imperial Chemical Industries' third quarter figures are less upsetting for the market than the quarter before, but only because expectations were so much worse. The downward trend is not over yet. Pre-tax profits in this year's first quarter were down 6 per cent, in the second 34 per cent and in the third 48 per cent. Fourth quarter profits look like being down by more than 50 per cent, in which case ICI will make less for the year than it did in 1984. Next year will probably be worse again.

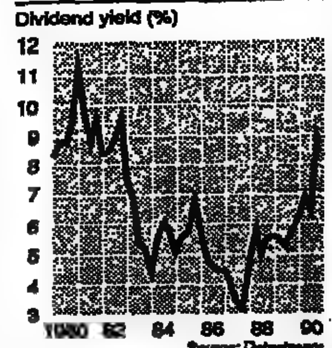
The problem once more is bulk chemicals. Profits from petrochemicals and plastics in the third quarter were down almost 80 per cent; but the Gulf effect had not really hit, since ICI carried stocks of cheap naphtha well into the period. Patchy though business is – the US flat, Germany holding up, the rest of Europe declining and the UK more so – the company's working assumption is that demand has reached bottom. But that does not address the problem of rising costs, particularly within the ERM.

Forecasts for next year mean little. The company started this year on a high note and is ending on a low one. The timing of the next upturn depends to a large extent on President Saddam. From an investment viewpoint, everything then depends on the dividend.

It may be assumed that this year's final payment will be held unchanged. The pressure comes next year. A pre-tax figure in 1991 of £920m – and some are forecasting less – would leave a held payment covered 1.5 times. This is doubtless feasible on the assumption that the recovery is already under way and that cash flow, already under some pressure before this week's Tioxide deal, is still holding up. The prospect of nil dividend growth into the early 1990s certainly demands a higher yield – say 9 per cent, which has recently proved a floor. That means a price of 815p, just 10p lower than yesterday's close. It is hard to see why the shares would go higher.

ICI

Dividend yield (%)



Source: Datastream

Polly Peck

It would be easier to summon up hope for Polly Peck's shareholders if there were precedents. There have been two vaguely comparable episodes: Berisford International and British & Commonwealth. But Berisford never went into administration. Its bankers were more understanding, and at Berisford's heart is a clean, readily saleable all-UK asset, British Sugar. As for B&C, the process is at an early stage. There is no case so far of a big quoted UK company going into administration and coming out with anything for its shareholders.

So it is hard see how Polly Peck's QC could be so confident yesterday that the administrators should be able to pay the creditors 100p in the pound with £300m left for the owners. Ideally, the way forward is for all parties to gather dutifully round Cork Gully and Touche Ross and mull over options such as a rights issue to assist an orderly work-out. Indeed, the big institutional shareholders in Polly Peck want to see an equity injection considered, since it may be their best hope. But that seems a pretty long shot.

The obvious problem is that the affair seems to be getting more chaotic, not less. BZW wants to put Mr Nadir into personal bankruptcy for £8.6m, which seems alarmingly at odds with the aura of vast wealth he cultivated. It is yet to be seen whether the administrators can make more headway in the Cypriot orange groves than Coopers & Lybrand/Deloitte have done. And as for a rights issue, who would sign off the listing particulars for the new shares?

Philips

There have been so many restructurings and write-offs at Philips over the years that yesterday's announcements seem just more of the same, only bigger. There is no doubt that the latest shakeup is the most dramatic in the group's history. But then its problems are more severe, and the economic climate is more hostile. Philips no longer has the luxury of sorting out its problems in a leisurely manner. Swift, decisive action is needed; and despite Mr Jan Timmer's impressive record, the task of galvanising this giant industrial bureaucracy should not be underestimated.

The passing of the Fl2 dividend, while painful, is welcome. Not only will the Fl550m a year saving make a useful dent in the Fl1.7bn per annum interest charge, but it is the sort of gesture that is needed if the company is going to push through the necessary redundancies. Since 1987, Philips has shed 50,000 jobs. It is planning the same sort of reduction over the next 12 months. Even by US standards this is a breathtaking move; and US companies do not have the same kind of union problems as Philips. If it really can make these cost savings according to timetable without damaging its core businesses, it will mark a decisive turning point in the company's long slide downhill. But this is a very big assumption. At Fl20, the shares are at their lowest since 1982. Assuming that the dividend is at least partly restored next year, they are at least an interesting speculation.

Norsk Hydro

The striking thing about Norsk Hydro's third quarter figures, apart from the 53 per cent net profits increase and the promise of an even better final quarter, is what they convey about industry cycles at present. The basis of the performance was the oil and gas division's 135 per cent increase in net income to £89m, thanks to average crude prices of $26.50 during the quarter and a £19m inventory gain. Norsk should have no difficulty in selling its light crudes, while oil finds in the Jurassic fields promise a wealthy future.

It appears that Norsk has struggled in other areas. In aluminium, its contract sales policy lags higher spot prices; output from its Canadian magnesium plant has hit that cycle at precisely the wrong time; and light metals are in any case vulnerable to recession. The petrochemicals performance could have been reported by any of its European or US rivals. The agriculture division, although benefiting now from higher prices for urea and ammonia, could prove a millstone if the fertiliser market turns down. Assuming full-year profits of around £260m the shares, which have outperformed the Norwegian market by 40 per cent over the last year, are on an ambitious p/e of 14½.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	17	63	Berlin	S	10	50	Caracas	C	27	81	Faro	S	18	64	Islamabad	F	25	77
Algiers	F	23	73	Biarritz	S	20	68	Casablanca	F	22	72	Florence	S	17	63	Istanbul	C	13	55
Amsterdam	F	13	55	Bombay	F	32	90	Chicago	S	2	36	Frankfurt	S	12	54	Jakarta	C	33	91
Athens	C	13	55	Bordeaux	F	17	63	Cologne	S	16	61	Geneva	R	11	52	Jersey	C	15	59
Bahrain	S	33	91	Boulogne	F	13	55	Copenhagen	S	12	54	Gibraltar	S	21	70	Johannesburg	F	25	77
Bangkok	C	33	91	Brussels	R	12	54	Corfu	F	21	70	Glasgow	S	12	54	Lima	C	20	68
Barcelona	S	20	68	Budapest	S	11	52	Dallas	S	7	45	Helsinki	Dr	2	36	Lisbon	C	17	63
Beirut	-	-	-	Buenos Aires	F	20	68	Dublin	R	12	54	Hong Kong	-	-	-	London	F	15	59
Belfast	R	12	54	Cairo	S	23	73	Dubrovnik	S	17	63	Innsbruck	S	12	54	Los Angeles	S	17	63
Belgrade	S	12	54	Cape Town	S	21	70	Edinburgh	C	12	54	Inverness	F	12	54	Luxembourg	R	10	50

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	C	20	68	Milan	R	7	45	Nicosia	S	22	72	Salzburg	S	15	59	Tenerife	S	25	77
Madrid	F	12	54	Montreal	F	2	36	Oporto	R	15	59	San Francisco	S	11	52	Tokyo	F	20	68
Majorca	S	21	70	Moscow	C	3	37	Oslo	S	1	34	Seoul	F	17	63	Toronto	F	3	37
Malaga	S	21	70	Munich	S	12	54	Paris	C	13	55	Singapore	T	27	81	Tunis	S	27	81
Malta	S	25	77	Nairobi	F	27	81	Peking	S	21	70	Stockholm	C	1	34	Valencia	S	21	70
Manchester	S	13	55	Naples	S	21	70	Prague	S	7	45	Strasbourg	C	11	52	Venice	F	12	54
Manila	C	32	90	Nassau	F	32	90	Reykjavik	F	11	52	Sydney	C	17	63	Vienna	S	7	45
Melbourne	S	21	70	New Delhi	-	-	-	Rhodes	S	18	64	Taipei	C	23	73	Warsaw	F	3	37
Mexico City	C	25	77	New York	S	10	50	Rio de Janeiro	C	31	88	Tangier	F	18	64	Washington	S	10	50
Miami	S	22	72	Nice	R	12	54	Rome	C	20	68	Tel Aviv	C	22	72	Zurich	F	11	52

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
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Friday October 26 1990

INSIDE

Rising oil prices boost Norsk Hydro

The Gulf crisis has come to the aid of Norsk Hydro, Norway's largest publicly-quoted company, which yesterday announced a 53 per cent rise in third-quarter net profits largely due to higher world crude oil prices. A better performance by the company's agriculture division also helped to lift the results. Karen Fossli reports. Page 22

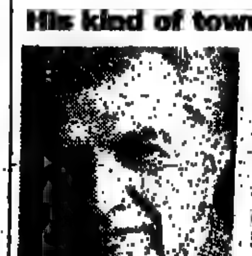
Gains for electrical groups

Toshiba, Mitsubishi Electric and Hitachi, three diversified Japanese electrical groups, have all posted gains in sales and profits for the first six months of the year. Toshiba's improved performance stemmed from strong domestic demand, while Mitsubishi benefited from a buoyant industrial machinery sector, and Hitachi from brisk computer sales. Page 23

London wins on Milan losses

Two strikes within two weeks at the Milan bourse and Consob, Italy's stock market watchdog, have focused attention on the grave problems facing the Italian market. A new capital gains tax rushed through last month has hit Milan's trading volume and London appears to have been the beneficiary. Although some business may have flowed back now, London has still come out the stronger. Haig Simonian reports. Back Page

His kind of town



Chicago's often besmirched futures markets are in high spirits. Their best known and staunchest academic defender, Professor Merton Miller of the University of Chicago's Graduate School of Business, last week scooped the Nobel prize for economics. Barbara Durr profiles Professor Miller, who served from 1983 to 1985 as an outside director with the Chicago Board of Trade, the world's largest futures exchange, and is currently a director of the Chicago Mercantile Exchange, the second largest futures market. Page 25

MNC shaken by property slump

MNC Financial, one of the leading US bank holding companies, yesterday announced large losses, the proposed sale of its credit card subsidiary and an agreement not to pay dividends without the approval of the Federal Reserve. MNC's troubles highlight the effects of a collapse in the US property market on commercial bank loan portfolios. Martin Dickson reports. Page 22

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
BMW	444	+	3
Nixdorf	299	+	9
Porsche	790	+	10
Schering	706.3	+	11.3
Siemens	613	+	7
Falls			
Hoechst	196	–	2.9

NEW YORK ($)			
Rises			
Avon Products	25¼	+	⅜
MCA	57	+	7
Falls			
AMR	46¾	–	1
MNC	4⅛	–	¾
Tandem Comps.	10¾	–	1¼
UAL	96½	–	⅜

PARIS (FFr)			
Rises			
Bongrain	2385	+	80
Epeda-Bertrand	1000	+	48
Falls			
BIC	490	–	19
Carrefour	3470	–	78
Damart	2140	–	150
Perrier	1110	–	50

TOKYO (Yen)			
Rises			
Canon Sales	4560	+	180
Daikyo	2740	+	140
Fuji Bank	2200	+	130
Isuzu Motors	780	+	100
Falls			
Isetan	3250	–	150
Korakuen	3020	–	110

LONDON (Pence)			
Rises			
Cornwall/Parker	188	+	22
Euro Disney	973	+	48
Eurotunnel Uts	485	+	[illegible]
Laporte	500	+	6
[illegible]	643	+	8
Racal Elecs.	167½	+	3½
Racal Tele.	282	+	6
Smiths Inds	214	+	9
TI Group	402	+	12
Falls			
BTR	301	–	17
Brit. Aerospace	555	–	7
ICI	825	–	14
Norton	22	–	6
P & O Dfd.	485	–	24
RMC	598	–	24
Richmond Oil	101	–	19
Tarmac	333	–	16
Wellcome	483	–	19
Y'shire Chems.	307	–	12

Difficult trading expected into 1991 ● Share price falls ● Drugs defy trend with 27% rise

ICI drops 48% amid weak markets

By Clive Cookson in London

ICI, the international chemicals group, yesterday reported pre-tax profits down 48 per cent in the third quarter, "due to severe competitive pressures and weakening markets".

The fall in third-quarter profits from £306m ($596m) in 1989 to £160m this year was broadly in line with the expectations of London analysts, who have been reducing their forecasts over the last three months. The ICI share price closed down 14p at 825p.

"Weaker customer demand and the effects of overcapacity in some industrial businesses are now being exacerbated by the impact of the Gulf crisis and the strength of sterling," commented Sir Denys Henderson, ICI chairman. "Trading will remain difficult into 1991."

The three largest US chemical companies have also announced falls in the third quarter within the last week: Dow Chemical was down 52 per cent, Union Carbide down 35 per cent and Du Pont down just 3 per cent. The three German chemical conglomerates have not yet issued comparable figures, but on the evidence of ICI they will also be well down.

The only part of ICI performing strongly in the third quarter was the pharmaceuticals business, where profits rose by 27 per cent. Drugs represent only 11 per cent of ICI's sales, but they contributed 75 per cent of the group's third-quarter profits.

The paints business put on "an encouraging performance in a difficult economic climate," ICI said, and raised its operating profit from £26m to £34m.

All other parts of the group performed substantially worse than last year. The bulk chemicals, petrochemicals and plastics businesses together made £55m (£173m) profit on £1.2bn turnover.

The figures for the first nine months of 1990 show pre-tax profits of £893m (£1.2bn in 1989) on turnover of £9.8bn (£9.9bn). Analysts now expect ICI to make just over £1bn profits for the full year, compared to £1.53bn in 1989.

"There's a collective sign of relief that the third quarter wasn't worse," said Mr Chris Burbridge, UBS chemicals analyst. "But ICI has only felt part of the effect of the Gulf crisis. The full effect will be seen in the fourth quarter."

Although there has recently been some speculation that ICI might be forced to reduce its dividend, as it did in the recession 10 years ago, analysts said that the fourth quarter would have to turn out far worse than expected for the board even to consider a cut when it decides the dividend next February.

Mr Alan Clements, ICI finance director, said yesterday that a maintained dividend of 55p per share would be well covered by earnings, short of a completely unforeseen catastrophe.

Lex, Page 20

Philips reaps the Timmer whirlwind

Ronald van de Krol and Michael Skapinker on the group's troubles

In the four months since he took over as president of Philips, Mr Jan Timmer has exposed the ailing Dutch electronics group to a series of cold blasts.

It was only yesterday, however, with his announcement that the group would pass the 1990 dividend and make up to 45,000 employees redundant, that he began to live up to his nickname of Hurricane Gilbert.

After the group's announcements earlier in the year that 8,900 jobs would go in the computer and electronic component divisions, officials at Philips' Eindhoven headquarters said they did not expect further large-scale job cuts. Mr Timmer yesterday proved them wrong, demonstrating that he is determined to confront Philips' conservative corporate bureaucrats head on.

Mr Timmer, who made his reputation with his reorganisation of the group's consumer electronics division, drew gasps from Dutch and other European journalists when he revealed the scale of the job cuts he envisaged.

The latest round of redundancies will total between 35,000 and 45,000 out of a worldwide workforce of 285,700. They come on top of the job losses announced in the computer and components divisions. All told, Mr Timmer has moved to eliminate nearly one in five jobs at the worldwide Philips group.

Although the decision not to pay a dividend was expected, it is a highly unusual step for a Dutch company to take, and sends an additional signal to employees and shareholders that Mr Timmer is determined to turn the company around.

More importantly, he has made clear that the end to the stream of jolting news from Eindhoven is not yet in sight.

Mr Timmer gave no details of where the cuts would fall, but he stressed that no area of the group's business could be considered safe from his efforts to whittle away bureaucracy and enhance profitability.

The next step will be a close scrutiny of all businesses. Divestments are likely to follow, though Mr Timmer said he did not think entire divisions would be sold off.

The company believes 1991 will be a transition year and that improvement in profits will start becoming visible at the end of next year and throughout 1992. Before that time comes, however, further measures may be necessary. Yesterday, Mr Timmer hinted that restructuring costs in 1990 may exceed the Fl 2.7bn ($1.6bn) forecast in July, causing full-year net losses to be even larger than the projected Fl 2bn.

Philips' shares closed yesterday at Fl 20.20, only slightly down on the previous day's Fl 20.80. But job cuts and restructuring on their own will not be enough to restore confidence in the group. "What Timmer has done is long overdue," said one official at a large Dutch institutional investor. "But now that it's been announced, we'll still have to wait and see whether the measures go far enough and whether they've been made in time to really turn the company around."

In the eyes of shareholders and potential investors, a drawback to Philips is the complexity of its operations and the fact that its published accounts do not leave outsiders much the wiser.

"From the shareholders point of view, you're forever hearing that they're pulling out of this or that joint venture. You're surprised that there are so many areas they are still involved in," said Mr Mark Pignatelli of Baring Investment Management in London. Mr Pignatelli, whose firm has held Philips shares but does not do so at present, added: "I would be surprised to see the stock improving strongly until there's an improvement in the bottom line. The problem with Philips is that even if everything went right, the competitive pressure are only going to increase."

Mr Timmer has a good track record, but he has not specified where the job cuts are going to fall or what precise action he is going to take, Mr Pignatelli said. "You're going in completely blind if you invest in the hope that this guy can turn it around."

Among other investors, however, Mr Timmer's tough reputation counts for a lot. Mr Gary Dowsett of UBS Asset Management, which owns Philips shares, said he was not discouraged by the lack of detail in Mr Timmer's announcement.

"That tends to be his style," he said. "What he is doing only really becomes apparent a few months later. It's encouraging that he's biting the bullet. There's going to be a cost and it isn't known yet. 1990 will be the worst year. It's difficult to say what 1991 will be like. But in two or three years it will be an interesting stock. The situation called for whoever took over to be more aggressive and I think he's very much the man to do it."

Philips' remaining employees will have to hope that Mr Dowsett is right. If they fail to produce profits, there can be little doubt that Hurricane Gilbert will be heading their way.

Much to ponder: Jan Timmer at Philips' press conference yesterday drew gasps from the audience when he announced that as many as 45,000 employees would be losing their jobs

American Airlines enters fight for Pan Am routes

By Paul Abrahams in London

MR BOB CRANDALL, chairman of American Airlines, yesterday challenged United Airlines for the control of Pan Am's valuable north Atlantic routes.

American said it was prepared to acquire the five Pan Am routes for substantially more than the $400m offered by Mr Stephen Wolf, chairman of United.

Although AMR, American's parent, said last night that it was not looking to pick a fight, a bitter bidding war between the two airlines looks certain.

At stake in the forthcoming battle between the two companies will be the most valuable of Pan Am's trans-Atlantic routes to London and access to a European market that could grow rapidly after deregulation in 1992. Pan Am is presently the largest carrier between the US and Europe.

Mr Crandall yesterday told both Mr Thomas Plaskett, chairman of Pan Am, and the company's board: "We believe the fiduciary duties owed by you and your fellow directors to maximize value for Pan Am's stockholders and creditors dictate that you afford us an opportunity to make a competing offer for those assets."

Some analysts believe that United's offer for the airline's operations at London Heathrow, San Francisco International airport and Washington Dulles International airport, as well as two Boeing 747-200s, is already over-generous.

American said last night that it would look at any of Pan Am's assets that might be available, adding that any deal could be substantially different from the proposed transaction with United.

American said it was aware of potential difficulties of the airline gaining access to Heathrow. The UK Department of Transport has reacted to overcrowding at Heathrow by stipulating that new scheduled airlines operating into London must use Gatwick instead.

If this rule is enforced, the value of the routes would be diminished because Gatwick is less popular with high-margin business travellers. When American acquired TWA's Chicago to Heathrow route it was obliged to fly from Gatwick.

The airline said last night its main concern was obtaining the routes and that everything else was secondary.

It added there was no difference between United and American in terms of regulatory concerns.

DAF set to axe 400 jobs as group heads for big losses

By John Griffiths in London

DAF, the Dutch truck maker, warned yesterday that it will make a "significant" loss this year and announced that more than 400 jobs are being cut, virtually all from its UK operations.

The developments at DAF, which merged with Leyland Vehicles of the UK in 1987 and is 16 per cent owned by British Aerospace through Rover Group, come against the background of falling demand for trucks in several big continental markets. There has been a virtual collapse in the UK, where 42 per cent of its truck sales are made.

Most European-based truck makers are also facing the prospect of reduced profits, with the exception of those in Germany who are enjoying a boom in their domestic market following reunification. DAF has only 7 per cent of the German heavy truck market and has thus received only marginal benefits.

Eindhoven-based DAF refused to discuss the likely extent of its losses. In August, it reported a first-half loss of Fl 32.1m ($18.5m), compared with a net profit of Fl 74.5m in the period a year ago, but said it expected to make a small net profit for the whole year.

Since that time, however, the company said yesterday, "there has been a marked deterioration in the market, partly as a consequence of the uncertainties relating to the Middle East".

As part of measures to reduce output, some 300 jobs are being lost out of 2,000 at the Leyland DAF vans plant at Birmingham in the UK. The workforce was told yesterday that the night shift is to be ended from next week. This will reduce weekly output by 160 units and the likely total output for the year to about 1989's level of 24,000.

Some 130 staff jobs – out of a total of 1,500 – are also to go at Leyland DAF's truck-making plant at Leyland, Lancashire. Negotiations are continuing with production unions on additional job cuts at Leyland and at the Albion axles plant, near Glasgow.

Leyland DAF's van operations have been particularly hard hit because of their heavy dependence on the UK market, where medium vans sales are running almost one-third below last year's levels. Only about 20 per cent of output is exported. Truck output has not been so badly hit because 44 per cent goes either for export or to military customers.

C.Itoh links with Klöckner-Werke

By Stefan Wagstyl in Tokyo

C.ITOH, the large Japanese trading house, and Klöckner-Werke, the German steel and engineering company, yesterday unveiled a wide-ranging co-operation pact.

It is the first time a Japanese company has entered the European steel industry and will be of particular concern to European steel producers since there is already overcapacity in the industry and it is facing a downturn in demand.

C.Itoh has bought 5.1 per cent of Klöckner-Werke for about DM100m ($66.3m) – the first time that the Japanese company has bought a stake in a big European or US group. The two companies are also establishing a joint venture to build a 400,000 tonnes-a-year steel line costing about Y27bn ($210m) at Klöckner-Werke's site in Bremen, Germany, to supply sheet to the car industry. Other ventures including co-operation in machinery and chemicals are also being discussed along with investments in the US, Asia and Europe.

The pact follows the announcement earlier this year of another wide-ranging agreement between Japanese and German partners – the Mitsubishi industrial grouping, led by Mitsubishi Corporation, the trading company, and Daimler-Benz, the industrial combine. Talks about C.Itoh's agreement started a year ago, well before news of Mitsubishi's plans became public. C.Itoh has had ties with Klöckner-Werke for more than a decade.

Mr Tadayoshi Nakazawa, C.Itoh's vice president, said the company needed more European footholds. Japanese steel manufacturers have already penetrated the US partly to supply Japanese car assembly plants.

The two partners have long had trading links, with Klöckner-Werke supplying products for C.Itoh to distribute. In 1983, Klöckner-Werke bought a 26 per cent stake in Hellenic Steel, a Greek steelmaker in which C.Itoh then had a majority stake. The German group later sold out, but C.Itoh retains a 29 per cent stake in Hellenic.

In the new project, Klöckner-Werke will have a controlling 50.1 per cent stake, with the remainder split equally between C.Itoh and Rautaruukki, the Finnish state-owned steelmaker. The venture will be capitalised at DM100m. Steelmaking technology will be supplied via C.Itoh by Kawasaki Steel, the Japanese maker.

C.Itoh's consolidated sales in the year ended March totalled Y20.997bn and pre-tax profits were Y87.8bn.

MNC losses underline banks crisis

By Martin Dickson in New York

THE SHARP deterioration of commercial bank loan portfolios along the east coast of the US was underscored yesterday when MNC Financial, owner of the largest bank in the state of Maryland, announced large losses, the proposed sale of its credit card subsidiary and an agreement not to pay dividends without the approval of the Federal Reserve.

The action came as MNC, which ranks about 25th among US bank holding companies and has some $27bn in assets, announced a third-quarter net loss of $173.4m, or $2.05 a share, against a profit of $68.8m or 80 cents a year ago.

This was because of a $350m addition to its reserve for possible credit losses, compared with $34m in the 1989 quarter.

The Baltimore-based group, which owns the Maryland National Bank and American Security Bank, has a heavy loan exposure to the property market, which has been collapsing along the eastern seaboard, starting last year in New England.

Earlier this year MNC was still talking optimistically about the economic resilience of the Baltimore-Washington corridor, with its concentration of Federal Government work.

The bank said yesterday it was soliciting bids for MBNA America, a credit card subsidiary which is one of its most profitable operations, and was also exploring the possible sale of Landmark Financial Services, a consumer finance subsidiary.

It said it was selling MBNA, which has over $6.8bn in outstandings, because of the continuing decline in the property market and the impact of this on the loan quality and the capital position of its banking subsidiaries, as well as general economic uncertainty.

The sale would give an equity capital level well above minimum regulatory requirements and would be a better form of finance than a proposed $180m injection through an issue of preferred stock to Mr Alfred Lerner, its chief executive and largest shareholder. It is also discontinuing its commercial paper programme.

The bank has signed a written agreement with the Federal Reserve which requires Fed approval for dividend payments and material transactions between subsidiaries.

Another agreement with the Comptroller of the Currency requires the two banking subsidiaries to meet higher capital levels.

MNC said total non-performing loans rose 40 per cent from $602m at June 30 to $844m as of September 30, of which $450m was related to commercial property. The reserve for credit losses provided 94 per cent coverage of the non-performers.

Standard & Poor's, the credit rating agency, downgraded the company's debt, saying it expected "further moderate deterioration in asset quality over the near term", although the disposal programme could significantly enhance the group's capital position.

Elkem in plunge to loss of NKr40m

By Our Financial Staff

ELKEM, the Norwegian light metals maker, plunged to a NKr40m ($6.8m) loss in the first nine months of 1990 because of weak demand and prices for its products.

The loss before extraordinary items compared with a profit of NKr1.03bn in the same period last year. The company warned that "the situation in the Middle East gives greater uncertainty over the general economic outlook".

Turnover in the first nine months dropped to NKr6.11bn from NKr7.80bn. Operating profit plunged to NKr82bn from NKr1.15bn.

"The weak market for Elkem's ferro-alloy products is expected to continue," it said, but the market situation for aluminium was considerably better, it added.

In the third quarter alone, the company made a loss of NKr75m before extraordinary items against a profit of NKr161m in the same period last year.

Elkem blamed the third quarter loss on "the difficult market situation which has resulted in reduced sales volumes and weakened prices for ferro-alloys and silicon metals."

Norsk Hydro rises 53% as prices for crude oil surge

By Karen Fosall in Oslo

NORSK HYDRO, Norway's largest publicly quoted company, yesterday announced a 53 per cent rise in third quarter net profits to NKr625m ($106m), helped by higher world crude oil prices and an improvement in its agriculture division.

Group operating income in the third quarter rose to NKr1.56bn from NKr1.15bn last year but for the first nine months of the year operating income slid to NKr4.63bn from NKr5.38bn, mainly because of lower metal prices.

Norsk Hydro said third-quarter performance was influenced by the Middle East crisis, which led to a strong rise and large fluctuations in world crude oil prices and prices for refined products.

Group operating expenses in the third quarter declined by NKr49m to NKr200m. Last month Hydro sold for NKr350m its biomedical activities to the 77 per cent Hydro-owned subsidiary Securus Industrier, and Securus is proposing to issue new shares amounting to NKr350m to which Hydro will subscribe its proportionate share.

For the individual business activities, the agriculture division experienced a rise in third-quarter operating income to NKr130m from NKr21m, due to higher sales for fertilisers and rising prices of urea and ammonia. But nine-month operating income slid to NKr726m from NKr912m a year earlier, when the results from Dyno Industrier were still included.

The oil and gas division's operating income in the third quarter jumped to NKr1.02bn from NKr436m last year. Nine-month operating income rose to NKr2.31bn from NKr1.67bn last year.

Light metals saw third quarter operating income nearly halved to NKr235m from NKr440m. For the first three quarters of this year operating income slid to NKr988m from NKr2.12bn, primarily because of lower prices for aluminium.

Petrochemicals in the third quarter saw its operating income decline to NKr256m from NKr304m and for the three quarters of this year operating income fell to NKr775m from NKr829m, due to lower PVC prices.

Lex, Page 20

Consortium to buy 49% of Austrian paper maker

By Philip Gawith in Johannesburg

A CONSORTIUM consisting of Mondi Paper Company, Anglo American Corporation, De Beers Centenary and Minorco plan to acquire a 49 per cent shareholding in Neusiedler, the Austrian paper manufacturer, from Frantschach, a privately owned Austrian forest products group.

The announcement was made by Mr Tony Trahar, executive chairman of Mondi, an unlisted subsidiary of Anglo American and one of the two leading players in the South African timber and processing industry. Negotiations have still to be completed so financial details have not been disclosed.

Mr Trahar said that Frantschach has interests in bleached and unbleached pulp and paper production, packaging and distribution.

Neusiedler is Europe's third largest manufacturer of wood-free papers for the A4 photocopy paper and business forms markets. It has established brand names and sales networks in most European countries. Mr Trahar said Neusiedler was well located to take advantage of further business opportunities in the EC and eastern Europe as they arise.

Neusiedler's annual turnover exceeds $350m and annual paper production is currently about 220,000 tons at its Theriesental and Kematen mills in Austria. It has expansion plans to increase capacities significantly within the next few years.

"For our consortium, the partnership with Frantschach in Neusiedler will be an important step into the growing European market and an expansion of Mondi's business activities in Europe," said Mr Trahar.

"For Mondi specifically," he added, "a partnership will open up new markets for the export of pulp from our Richards Bay mill." Neusiedler is expected to benefit from access to Mondi's range of products.

Sappi, South Africa's largest pulp and paper maker, was part of a consortium which bought five speciality paper mills in the UK in June.

Earnings at Tandem trail revenues

By Louise Kehoe in San Francisco

TANDEM Computers, the US maker of fault-tolerant mainframe computers, yesterday reported a fiscal fourth-quarter earnings decline despite record revenues. Sales growth did not meet the company's goals, officials said.

Net income for the quarter was $31.8m, or 30 cents per share, down from $39.4m or 38 cents in the fourth quarter last year.

Revenues for the quarter reached $506m, an 11 per cent increase over last year's fourth quarter revenues of $456.2m.

The company reported annual revenues of $1.86bn, a 14 per cent gain over the $1.63bn recorded in fiscal 1989. Net income for the fiscal year reached $121.8m, or $1.13 per share, compared with $118.3m, or $1.17 in fiscal 1989.

Mr James G. Treybig, president and chief executive officer, said: "Throughout the year, we continued strong growth in most industries and countries.

"However, we have been impacted in countries where our greatest strength is in banking and securities, such as the US and the UK, bringing our revenue growth rate to a level below our goals."

UAP seeks foreign partner

By William Dawkins in Paris

UNION des Assurances de Paris (UAP), France's largest insurance company, is seeking a foreign partner to help it reach its long-standing goal of achieving the same European market share as Allianz, Germany's leading insurer.

Mr Jean Peyrelevade, chairman of UAP, which has 1.5 per cent of the European market, half the size of Allianz, said yesterday: "We have an absolute conviction that we need an international partner and we are discussing possible co-operation accords with other insurers."

These included two US insurance groups, one in northern Europe and a South African insurer, said Mr Peyrelevade, who declined to release names.

He did not conceal UAP's wish to co-operate with Groupe Victoire, in which it has a 34 per cent stake, the majority held by Compagnie Financière de Suez, the financial conglomerate.

However, Mr Peyrelevade said UAP and Suez agreed that Victoire must first be left to digest its acquisition of Colonia/Nordstern, Germany's second largest insurer.

"We can't play the European game all alone and neither can Victoire-Colonia. But they first need to create their own group," said Mr Peyrelevade. After that, UAP and Victoire-Colonia should "seek more synergies," he said.

Mr Peyrelevade maintained that this view was shared by Mr Gérard Worms, who took over as chairman of Suez last week from the late Mr Renaud de la Genière. Suez has said it wants to keep a 50 per cent stake in Victoire in all circumstances.

Worldwide M&A activity fell sharply in third quarter

By David Waller

WORLDWIDE mergers and acquisitions activity fell off sharply in the third quarter of 1990, according to statistics compiled by KPMG Peat Marwick McLintock, the accountancy firm.

Reflecting the after-effects of Saddam Hussein's invasion of Kuwait, the value of cross-border bids and deals fell to $21.7bn in the period from July to the end of September, down by nearly 40 per cent against the April to June total of $35.1bn. The number of transactions dropped from 705 to 405.

The number of cross-border acquisitions made by European Community companies fell from 390 to 282, the value of the transactions dropping from $12.5bn to $11.8bn.

North American companies completed 117 cross-border deals against 79 in the second quarter, while buyers in the rest of the world made 118 purchases. This was 80 fewer than in the April to June period.

Euro Disneyland's budget breakdown

EURO Disneyland said the total budget for phase 1B, the second phase of its European amusement park project, is approximately FFr5.7bn ($1.1bn), Reuter reports.

Phase 1B includes the construction of five hotels, an entertainment centre and a lake promenade at the site on the outskirts of Paris, the company said. Total investment for phase 1A, which comprises the core part of the amusement park and one hotel, is FFr16.3bn.

Both phases are scheduled for completion in the spring of 1992.

Gist-Brocades in joint scheme

GIST-BROCADES, the Dutch biotechnology group, and Yamanouchi Pharmaceutical of Japan are investigating a possible co-operation in the field of pharmaceutical specialities, the Dutch group said yesterday, agencies reports.

On the basis of investigations so far, both parties "assume" agreement can be reached by the end of this year, Gist added. The co-operation could lead to the sale of the pharmaceutical specialities division to Yamanouchi.

Rumours have been circulating on the Amsterdam Stock Exchange, pinpointing Gist-Brocades as a likely candidate for a merger, takeover or some other form of international alliance.

Matra increases profits marginally to FFr249m

By William Dawkins in Paris

MATRA, the French defence and electronics group, yesterday reported a small increase in profits for the first half of 1990 and forecast that profits for the full 12 months would also be slightly higher than last year's FFr605m net.

Matra's net earnings rose in the first half to June to FFr249m ($49m) from FFr244m.

Operating profits rose more steeply than net income, to FFr719m from FFr572m in the first half, but the increase was nearly wiped out at the net level by a higher tax bill and a rise in minority charges. Interest charges at the same time nearly doubled to FFr47m from FFr25m.

Turnover rose by 23 per cent to FFr12.5bn from FFr10.1bn in the first six months of the year, though the underlying increase comes out at 16 per cent after stripping out the first contribution from last December's merger of Matra's space activities with those of GEC Marconi of the UK.

The main contribution to sales growth came from the space and telecommunications divisions, which represented a combined 74 per cent of turnover last year.

Matra said sales would rise by 10 per cent to FFr24.4bn for the full year, mainly thanks to the integration of the space business of GEC Marconi. The underlying rise on a comparable basis would be more like 7 per cent.

LEGAL NOTICES

No 007442 of 1990
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF TALE AND VALOR PLC
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 15th October, 1990 confirming the reduction of the amount standing to the credit of the Share Premium Account of the above-named Company by £29,523,040 was registered by the Registrar of Companies on 22nd October, 1990

DATED this 23rd day of October, 1990

Theodore Goddard
150 Aldersgate Street
London EC1A 4EJ

Solicitors for the above-named Company

INTERNATIONAL COMPANIES AND FINANCE

Japan's electrical groups raise interim dividends

By Ian Rodger in Tokyo

JAPAN'S three diversified electrical groups, Toshiba, Mitsubishi Electric and Hitachi, have all recorded improvements in sales and profits in the six months to September 30, and Toshiba and Hitachi have raised their interim dividends.

Hitachi said brisk sales of computers and other information and electronic equipment contributed to another period of record sales.

Operating profit was flat because of rising sales costs but pre-tax profit rose 4.1 per cent because of a surplus on financial items.

The interim dividend was raised by Y1 to Y5.5.

Toshiba said its record sales were mainly due to strong domestic demand and a good performance in information/communication equipment and electronic devices. The strong dollar also had a favourable impact.

The company has raised its interim dividend by Y0.5 per share to Y50 per share.

Sales in all divisions increased, except in consumer products, where exports were displaced by the beginning of production of several products overseas.

The sharp rise in net income reflected the depressing effect on last year's result of a special provision for pension payments.

Mitsubishi Electric said sales of industrial machinery were particularly strong, but operating profit fell 15.7 per cent because of increases in personnel and other costs.

Hitachi and Mitsubishi are maintaining their earlier forecasts of pre-tax profit for the full year of Y225bn ($1.77bn) and Y140bn respectively, but Toshiba has reduced its pre-tax forecast from Y220bn to Y200bn on anticipation of a weaker US economy.

JAPANESE ELECTRICAL GROUPS
Half-year results to end September 1990

Company	Revenue Ybn	Revenue % change	Pretax Ybn	Pretax % change	Net Ybn	Net % change
Hitachi	1,876.8	+6	110.3	+4.1	60.3	+8.6
Toshiba	1,584.2	+8	103.1	+3	64.0	+31
Mitsubishi	1,196.8	+4	62.0	+2.3	34.5	+37.4

Laus fail in bid to take Paul Y private

MR THOMAS and Mr Joseph Lau, the Hong Kong tycoons who recently defended their financial empire from a hostile takeover bid, encountered a setback yesterday when minority shareholders refused to approve their offer to take private their contruction concern Paul Y. International Group, AP-DJ reports from Hong Kong.

The tycoons' China Entertainment and Land Investments Holdings subsidiary had offered HK$619m (US$79.3m) late August for the 50.1 per cent of the shares that it did not control.

Traders on the Hong Kong stock market expected the rejection. The offer had been deemed "niggardly" by Jardine Fleming Securities, the minority holders' independent financial advisor.

The Lau brothers, who control China Entertainment through their Evergo International Holdings flagship, had bid HK$2 a share for Paul Y., representing a 13 per cent premium to their close of HK$1.77 before the bid and 5 per cent above yesterday's closing price of HK$1.91.

Fanuc boosts first-half pre-tax profits by 10%

By Martina Gannon in Tokyo

JAPAN'S acute labour shortage has helped Fanuc, the leading numerical control and robot manufacturer, to double-digit growth in pre-tax profits for the six months ended September 30.

Total sales rose 8.8 per cent to Y93.2bn ($734m).

Sales of numerical controls, which remain the company's core business, increased by 5.7 per cent to more than Y70bn, but sales of labour saving robots grew even faster, topping Y10bn for the first time.

Pre-tax profits increased by 10 per cent from the same period in the previous year to Y34.4m. After-tax profits rose 10.9 per cent to Y18.6m.

The company is investing heavily in new robot producing facilities and plants that will run unattended for 60 hours, although it has reduced its original capital spending plan for this fiscal year by Y10bn to Y20.7bn.

Fanuc's directors expect sales for the full year to increase by 4.9 per cent to Y187m, and pre-tax profits to rise 3.7 per cent to Y68.5m.

Record six months at Kao

By Stefan Wagstyl in Tokyo

KAO, the leading Japanese household products maker, has posted record interim profits and sales, boosted by strong demand for cosmetics.

In the six months to the end of September, parent company pre-tax profits increased by 6.5 per cent to Y19bn ($149.6m) on sales which improved by 7.4 per cent to Y278bn. For the current year, Kao forecasts increases in profits to Y41bn pre-tax and in sales to Y572bn.

The company is paying a Y5 a share interim dividend, including Y0.9 in a commemorative dividend to celebrate Kao's centenary.

MIM opens current year with 20% fall

By Bruce Jacques in Sydney

MIM HOLDINGS, the leading Australian mining group, has been held to a sluggish start to the new financial year by shipment delays, a strong domestic currency and continuing coal division losses.

The company yesterday announced a 28 per cent fall in net earnings to A$32.6m (US$25.4m) from A$45.5m in the 12 weeks to September 28, mirroring a 28 per cent total revenue slide to A$435.6m from A$601.9m.

Directors said metal production levels were strong but shipment delays caused a build-up of copper and zinc stocks, keeping sales considerably below output.

"The Australian dollar averaged more than 5 cents higher against the US dollar than in the corresponding quarter last year," they said. "The exchange rate movement had a revenue detriment of more than A$20m in the 12 week period."

The result excluded mostly unrealised foreign exchange losses of A$18.6m against losses of A$2.6m previously, reflecting MIM's borrowings in Japanese and European currencies.

The company's coal division incurred a pre-tax loss of A$9m steady on the previous corresponding period. The directors said coal production and shipments rose, offset by the Australian dollar's strength against the US.

The result followed tax of A$27.1m compared with A$35.1m previously and total expenses of A$375.9m against A$521.3m previously.

Wing Tai agrees US joint venture

WING TAI, the Singapore garment manufacturer, has agreed to form a 50-50 joint venture with a subsidiary of The Limited, the US retailer, to set up a garment buying house. The venture, to be called Winmas International, will provide fashion garment sourcing for Mast Industries (Far East), a wholly-owned subsidiary of The Limited.

Malbak result hit by interest costs

By Philip Gawith in Johannesburg

MALBAK, the industrial arm of the Gencor group, has reported lower earnings for the year to the end of August in what is anticipated to be a season of weak results from leading companies which will have operated under recessionary conditions for a full year.

Mr Grant Thomas, executive chairman, noted that the year included a general election, the advent of a more restrictive monetary policy, prime interest rates reaching 21 per cent, calls from the African National Congress (ANC) for extensive nationalisation of the economy, widespread violence in the country, and the Gulf crisis.

Malbak's performance was in line with predictions made at the interim stage that earnings would be "a little lower". While turnover increased by 14 per cent from R7.33bn ($2.6bn) to R8.37bn and operating profit was 6 per cent up at R724m, a 27 per cent rise in the interest bill to R218m and a 12 per cent advance in the tax bill to R172m saw earnings for ordinary shareholders drop 7 per cent to R233m.

The rise in the effective tax rate from 30 per cent to 34 per cent was the result of the exhaustion of assessed losses in various divisions. Of the 27 per cent rise in interest payments, 14 per cent was attributable to an increase in rates and 13 per cent due to the increased level of borrowings. Two-thirds of the latter figure was used to fund acquisitions.

Attributable contributions to Malbak's earnings, by division, were: packaging and paper – 24 per cent; engineering and mining supplies – 22 per cent; branded consumer products – 25 per cent; construction supplies – 16 per cent; food – 11 per cent. These figures were broadly in line with 1989 figures.

Mr Thomas said he felt the five main divisions had held up well under very difficult conditions. The biggest disappointment was the 54 per cent decline at the attributable level – from R13 to R6m – in the international division, due mainly to losses suffered at Abercom, the listed vehicle. Mr Thomas said a slow trend to restoring the company had begun.

Earnings per share declined 13 per cent to 119 cents and the dividend was maintained at 30.5 cents per share. Mr Thomas noted that these represented 36.7 per cent and 20 per cent compound growth respectively during the past five years.

OK Bazaars earnings defy trading conditions

OK BAZAARS, one of South Africa's three largest retail groups, has surprised observers by improving interim earnings amid difficult trading conditions after showing a decline in year-end earnings.

OK, a member of the South African Breweries group, increased turnover by 12.7 per cent to R2.28bn ($881m) in the six months to the end of September.

Significantly improved margins saw operating profit 33 per cent higher at R37.85m but this was offset by a 54.4 per cent rise in the interest bill to R18.77m. Attributable earnings rose 13 per cent from R7.8m to R8.8m.

Mr Gordon Hood, managing director, said OK's performance was particularly creditable when taking account of the numerous factors inhibiting growth. These included an acrimonious seven-week strike in June-July, social unrest and boycott action and a depressed economy.

The improved margins were the result of a better merchandise mix with a transfer of more than 2 per cent out of food into higher-margin general merchandise, especially furniture and appliances.

The increase in financing costs was the result of higher interest rates combined with development of stores, warehousing and systems.

Earnings per share rose 12.7 per cent to 71 cents from 63 cents and the dividend was lifted to 37 cents per share from 33 cents.

INTERNATIONAL COMPANIES AND FINANCE

UAL sees 'alarming' final quarter

By Martin Dickson in New York

UAL, THE parent company of United Airlines, yesterday announced a small drop in third-quarter profits, due mainly to higher fuel costs, and warned that fourth-quarter projections for the industry as a whole were "nothing short of alarming".

The company, which was the subject of an abortive employee buy-out between April and early October, said net earnings were $106.1m or $4.87 share, compared with $110.9m or $5.11 a share in the same period of last year.

Operating revenues were $2.97bn, up from $2.58bn, and operating expenses $2.84bn, compared with $2.45bn.

This left operating earnings at $129m, down from $131.8m.

Non-operating income included a gain of $93m on the sale of property, notably aircraft, compared to gains of $45.8m a year ago.

However, the company said this was partly offset by expenses in connection with the buy-out proposal, which totalled $30m.

Mr Stephen Wolf, the chairman, said United's average cost of fuel rose in the third quarter to 73 cents a gallon, from 61.3 cents last year.

"Moreover, we expect the average price to be significantly higher in the fourth quarter as the full effect of current increases are felt and as the demand for home heating oil rises with the onset of winter."

Mr Wolf said he was "very concerned" about the impact of the rising fuel price on earnings and would be scrutinising all expenses closely.

During the third quarter, revenue passenger miles were up 11.8 per cent, while yield – passenger revenue per mile flown – was up 4.2 per cent to 12.14 cents.

Passenger load factor was 70.8 per cent, down 1.1 percentage points from 71.9 in 1989.

For the nine months, the airline had net earnings of $218m, down from $317.4m in the same period of 1989, while operating earnings were $260.3m against $496.2m.

Mr Wolf said all airlines were being hit by the softening economy and rising fuel costs. However, he was comforted by the fact that United's conservative balance sheet was one of the strongest in the industry, with net debt at the end of the quarter of $1.8bn, compared to equity of $1.8bn, and cash and cash equivalents of $1.6bn.

Southland allowed to use $100m debt finance

By Barbara Durr in New York

SOUTHLAND Corporation, owner of 7-Eleven, the world's largest convenience store chain, said the US district court in Dallas where it filed a petition for a Chapter 11 bankruptcy on Wednesday had authorised the immediate use of $100m of debtor-in-possession (DIP) financing.

The court set a final hearing date of November 14 to decide on Southland's request to use the remainder of a $400m package of DIP financing that the company arranged in preparation for its bankruptcy filing.

Bankers Trust leads the syndicate of lenders that agreed the DIP facility. DIP financing, common in bankruptcy cases, in essence is an extension or expansion of a company's credit line.

The court also scheduled a hearing on December 14 for confirmation of Southland's "pre-packaged reorganisation" plan, which had been agreed with most of the company's creditors before the bankruptcy petition.

Although the plan is expected to help expedite the bankruptcy proceedings, the company has just three months to consummate its reorganisation before the deadline expires on an agreement with its Japanese partner, Ito-Yokado.

Ito-Yokado, operator of 7-Eleven stores in Japan, has offered to buy 70 per cent of Southland for $430m in cash, provided the reorganisation plan is in place by March 15.

At a day-long hearing in Dallas, the court, citing the importance of continuing normal operations, gave the company the green light to pay salaries and debts owed to those creditors that restore normal credit terms to the company.

● Moody's Investors Service said it had downgraded ratings of Southland's senior debt issued or guaranteed by the company to CA from CAA. The decision affects about $570m of Southland's $1.8bn in publicly traded debt.

Whirlpool checked by soft appliance market

By Barbara Durr

WHIRLPOOL Corporation, the world's leading maker of large home appliances, saw its third-quarter earnings held down by the continued softening North American market for its products.

The company's net earnings for the quarter ended September 30 were $60m or 86 cents a share, compared with $47m or 68 cents a share for the year-ago period. But the latest result included a $23m after-tax gain from the sale of assets to a joint venture to manufacture vacuum cleaners with Matsushita Electric Industrial. This added 33 cents per share.

Excluding the sale, third-quarter net earnings were $37m or 53 cents per share, a drop of 21.2 per cent from last year.

Whirlpool had been increasing its domestic sales and shipments despite a declining market through the second quarter, but growing recession fears over the third quarter have stemmed consumer purchases.

The company expects 1990 shipments for the US industry as a whole for nine major appliances to end down about 8 per cent from last year, including a fourth-quarter drop of 12 per cent.

Next year, industry prospects are not much brighter, with a decline of about another 5 per cent expected.

However, industry shipments have been less battered by recession concerns in Europe, where they are expected to decline just 1 per cent for the year. Whirlpool's European shipments have shown solid growth in most categories, except microwave ovens.

Whirlpool has also seen some improvement during the past quarter in its Brazilian affiliates, which accounted for 15 cents per share in earnings.

The company's shares yesterday fell ¼ to $19⅛ during morning trading on the New York Stock Exchange.

GM to idle truck plants and lay off up to 10,000

By Martin Dickson

SOFTENING sales in the US truck market were emphasised yesterday when General Motors said it was to temporarily shut three light-truck plants for between two and four weeks in November, temporarily laying off between 9,900 and 10,000 workers.

The company also said that from the start of next year it would eliminate the second production shift at one of the three plants, in Flint, Michigan, with the indefinite lay-off of 1,700 employees.

As part of the plan, the Flint plant, which makes full-size and sports utility vehicles, will be closed for four weeks from October 29.

The Pontiac East plant in Michigan and its Fort Wayne, Indiana assembly plants will also be shut for two weeks beginning on November 5.

Pontiac employs 3,200 workers, while Fort Wayne employs between 2,700 and 2,800. Both plants produce pick-up trucks.

US truck production fell to 2.93m in the first nine months of 1990 from 3.15m units in the period of last year, with the light truck segment dipping to 2.76m from 2.95m units.

Moody's downgrades Ford debt

By Martin Dickson

THE TOUGH climate facing the US automobile industry has been underlined by Moody's, the credit rating agency, downgrading some $45bn of Ford Motor's long-term debt, citing market competition, soft demand and the company's large capital requirements.

Ford, the second-largest US motor manufacturer, said it was disappointed by the move and felt that the reasons given were "essentially cyclical or transitional in nature". Its ability to maintain its capital spending in the current climate reflected its strong financial position, it added.

Moody's said the company would suffer from "softened automotive operations and large capital requirements on Ford's fixed charge coverage and capital structure, which was weakened by the addition of sizeable acquisition debt during the past year".

It pointed to the deteriorating economic outlook in North America and the continuation of US price-cutting; likely soft demand in several European markets: and the potential effect of volatile fuel prices.

However, Moody's added that Ford retained substantial financial flexibility in the face of recession and, compared to the 1980-81 downturn, had a lower cost structure, broader product array and improved quality.

Poor figures in finance business hold back Xerox

By Karen Zagor in New York

XEROX, the leading US manufacturer of copying and duplicating equipment, yesterday reported lower third-quarter earnings as poor results from the company's struggling insurance and financial services businesses cut into the strong gains from its document processing group.

Net income for the 1990 quarter fell 15 per cent to $132m or $1.16 a primary share from $155m or $1.41 a year earlier. Revenues were $4.5bn, against $4.4bn a year ago.

The company's problems with its financial services business are well known, and shares in Xerox were unchanged at $30½ at midday yesterday on the New York Stock Exchange.

For the nine months, Xerox's income from continuing operations was $383m or $3.38 a share on revenues of $13.3bn, against $492m or $4.55 on revenues of $13bn a year earlier.

Income from continuing operations from Xerox's insurance and financial services business plunged to $1m in the quarter on revenues of $1.2bn. This compares with $50m on revenues of $1.4bn the previous year.

However, pre-tax capital gains in the three months were only $4m, compared with $207m last year.

Xerox's property and casualty and life insurance operations had income of $27m in the quarter, down from $76m a year earlier.

Document processing, which includes worldwide development, manufacturing, marketing, servicing and financing business products and systems, did better, turning in income of $131m in the 1990 quarter against $105m a year ago.

Mr Paul Allaire, Xerox's chief executive who was appointed in August and who is noted for his aggressive cost-cutting policies, said: "We are pleased that the company has been able to sustain profitable growth in its core document processing business despite weakening economic conditions.

"However, overall financial results continue to be constrained by weakness in the property and casualty insurance industry and generally adverse financial market forces."

BCE falls after loans write-down

By Robert Gibbens in Montreal

A C$224M (US$191m) write-down against loans to the troubled Kinburn high technology group pulled third-quarter profit down at BCE, the Canadian conglomerate, by about 15 per cent.

BCE, the parent company of Bell Canada, the telecommunications utility, and of Northern Telecom, reported earnings of C$269m, equal after preferred dividends to 80 cents a common share, against C$311m or C$1 a share a year earlier. Revenues were C$4.5bn, up 7 per cent.

Nine months' profit was C$802m or C$2.44 a share, down 6 per cent from C$853m or C$2.81 a share, on revenues of C$13.5bn, up 12 per cent. Average shares outstanding were higher in both periods.

BCE's loans and equity holding in Kinburn were carried on the books at C$350m, and the latest write-down reduces this to C$63m. BCE does not expect significant recoveries on its Kinburn loans. BCE partly offset the write-downs by taking in nearly C$200m of gains from disposals.

Mr Raymond Cyr, chairman, said fourth-quarter earnings would "more fully reflect the strength of BCE's core businesses".

Bell Canada, though experiencing slowing long-distance growth due to the recession, contributed C$233m to BCE's third-quarter earnings against C$222m a year earlier. In the nine months the figure was C$674m against C$622m.

Northern Telecom's contribution was C$55m in the quarter, against C$47m, and C$157m in the nine months against C$120m.

● British Columbia Telephone earned C$51.3m or 47 cents a share in the third quarter, up 7 per cent from C$47.9m or 43 cents a year earlier. Revenues were up 14 per cent to C$480m.

Nine-month earnings were C$139.7m or C$1.24 a share, up 15 per cent from C$121.4m or C$1.08, on revenues of C$1.4bn, up 12 per cent.

Anheuser-Busch up as sales rise

By Nikki Tait in New York

ANHEUSER-BUSCH, the biggest US brewer, yesterday reported a 9.4 per cent increase in profits after tax to $360.7m in the third quarter of 1990.

The St Louis-based company also said that its market share rose to 43 per cent during the first nine months of the year, a significant advance on the 41.9 per cent figure achieved in the same period a year earlier.

Sales in the third quarter were $2.89bn against $2.49bn, with the nine-month figure at $5.29bn against $4.69bn.

Anheuser said that the volume growth in its beer sales was largely due to the introduction of Bud Dry Draft and Busch Light during early-1990, and to the "strong performance" of its light beers.

Campbell Target, the food subsidiary, also reported higher profits. This, said the parent company, was principally due to improved volume and better margins in the bread division and in its international operations.

Meanwhile, Anheuser's can manufacturing subsidiary, Metal Container Corporation, showed a "strong earnings rebound" from relatively depressed levels in 1989. This was attributed to higher can and lid sales volume and improved operating efficiencies.

The overall third-quarter profits figure was scored after net interest charges of $85.5m, compared with $40.4m in the same period a year earlier.

Earnings per share stood at 91 cents, up from 83 cents, in the July-September period, and at $2.45 against $2.23 for the nine months.

Petro-Canada to start sell-off by April

PETRO-CANADA, the national oil company, is ready to take the first step to privatisation by next April, says Mr Bill Hopper, its chairman, writes Robert Gibbens in Montreal.

The company, now reaping gains from higher crude oil prices, plans to issue a prospectus after the release of its annual report in February. It will then go ahead with a public issue of new shares to raise about C$500m (US$438m).

Petro-Canada, the country's second-largest integrated oil company, has long-term debt of about C$1.2bn and earned only $25m in the first half. Proceeds from the new issue will bolster its equity base.

Under the federal government's privatisation legislation, foreign ownership will be limited to 25 per cent and no single holder can hold more than 10 per cent.

Two final steps in the privatisation process will see the sale of all Petro-Canada shares to the public.

INTERNATIONAL CAPITAL MARKETS

Mystery selling pressure dents gilts in last hour

By Deborah Hargreaves in London and Karen Zagor in New York

THE UK market for gilt-edged securities surprised some traders last night as they tried to determine where the selling pressure came from to push prices down by almost half a point in the last hour of trading.

Sterling experienced a stable day in spite of news of an 11 per cent wage settlement at Rover, the car-maker, and the decrease in the amount of money in circulation which was announced yesterday.

In addition, long gilts prices held up fairly well until a bout of selling pushed them down towards the end of the day.

Analysts rationalised the selling, which pushed the benchmark 11¾ per cent bond maturing in 2003/07 to 101¾ to yield 11.45 per cent, as a delayed reaction to the morning's inflationary news.

The UK market remains dominated by concern about inflation in spite of a speech yesterday by Mr Robin Leigh-Pemberton, governor of the Bank of England, in which he said that inflationary pressures in the UK economy are abating.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	08/92	102-26	-1/32	11.79	11.80	12.57
		9.000	03/00	86-09	-7/32	11.42	11.46	11.77
		9.000	10/08	84-25	-6/32	10.95	11.00	11.16
US TREASURY *		8.750	08/00	100-26	-5/32	8.62	8.67	9.00
		8.750	08/20	99-31	-10/32	8.75	8.83	9.14
JAPAN	No 119	4.800	6/99	84.7595	+0.309	7.74	7.74	8.65
	No 129	6.400	03/00	94.0891	+0.268	7.47	7.46	8.18
GERMANY		8.500	08/00	97.0500	+0.140	8.96	8.97	9.10
FRANCE	BTAN	9.000	11/95	95.6925	+0.114	10.12	10.16	10.52
	OAT	8.500	03/00	89.8400	+0.170	10.21	10.26	10.68
CANADA *		10.500	07/00	96.4000	+0.550	11.11	11.25	11.45
NETHERLANDS		9.000	10/00	98.9100	+0.060	9.17	9.17	9.28
AUSTRALIA		13.000	07/00	98.1241	-0.265	13.34	13.41	13.70

London closing, *denotes New York closing
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

■ US TREASURIES moved broadly higher yesterday, with bond prices firming on hopes that a budget package will finally materialise.

In late trading, the Treasury's bellwether 30-year bond was ⅝ higher at 100⅞ for a yield of 8.73 per cent. At the short end of the yield curve, maturities were about ⅛ higher.

The Federal Reserve did not intervene in the open market yesterday morning and Fed funds ended the day at 8 per cent. As soon as the budget is approved, the Federal Reserve is expected to ease, lowering its perceived target for the funds from 8 per cent to 7¾ per cent.

The bond market was supported by an agreement on the budget between the leaders of the House of Representatives and Congress. However, any package must still be passed by both houses and bond prices will suffer if the budget compromise fails, since the market has already built an easing into yields.

The bond market improvement came in spite of surging oil prices and the excess supply which weakened Wednesday's market. At the end of the day, the crude oil contract for December was up $3.17 a barrel at $34.25.

The Treasury has now rescheduled and revised its sales of short-term and 52-week bills, which were postponed in the absence of a higher debt ceiling.

The department sold $8.6bn of three-month and six-month bills yesterday, after initially planning to auction $9.6bn for each issue. The auction produced a net pay-down of $125m instead of the $1.88bn in new cash originally planned. The size of today's 52-week bill auction has been cut to $10bn from $10.75bn.

It is believed the Treasury will auction its two-year issues on Tuesday.

Yesterday the Labor Department said that initial claims for state unemployment insurance rose 26,000 in the week ended October 13 to 421,000. The sharp jump in jobs claims prompted speculation that the unemployment rate will rise when the data comes out early next month.

■ IN GERMANY, the market continued to trade in a tight range, although some dealers are reported to be trying to talk up prices.

Dealers report little chance of the yield on 10-year bonds breaking below 8.9 per cent or above 9 per cent unless something dramatic happens in the next few days.

The German market is currently being pulled in opposite directions. While there is some optimism about a lower oil price, there is also much pessimism about the outlook for German inflation and the need for additional bund issuance before the end of the year.

More signs of an increase in the German inflation rate came this week with higher-than-expected rises in the consumer price indices for two Länder.

At the same time, import prices in Germany showed a greater increase than had been expected. The market is anticipating the announcement of a new unity bond sometime next week.

■ IN JAPAN, government bonds failed to break out of a trading range and the response to the Ministry of Finance's auction of November bonds was luke warm.

There was a fairly large difference between the average accepted price for the bonds at the auction and the cheapest price – a large gap indicates a poor response to the auction.

The issue price for the Y700bn of November bonds, which carry a coupon of 7.2 per cent, was 99.94 with the cheapest price accepted at 99.75.

There was some retail buying of the bonds, however, and some large brokerage houses that had submitted low bids to the auction ended up with no allocation of paper.

The demand in the Japanese market appears to be centred on the four to five-ear sector while 10-year bonds are locked in a range around 7.75 per cent.

The closing yield on the 119 benchmark was 7.73 per cent as prices firmed slightly.

The Bank of Japan is keeping monetary policy tight and overnight money rates rose in Tokyo to above 8 per cent.

IFC sets up $126m loan to Mexican glass-maker

By Deborah Hargreaves

THE International Finance Corporation, a public sector affiliate of the World Bank, has announced the largest project finance loan for a Mexican company since the start of the country's debt crisis in 1986.

The $126m loan for Vitro Flotado, a flat glass-maker in Monterrey, could open the door for other Mexican companies to secure bank funding for new projects.

The loan has been made under the auspices of the IFC, which does not provide a guarantee to participating commercial banks but whose loans have so far proved immune from rescheduling. Commercial banks have put up $101m of the funds for the Vitro project while the IFC has provided $25m.

The financing will provide the funds for expanding a flat glass plant which will take the company's glass output to 187,000 tonnes a year at a total cost of $170m.

The loan runs over seven years for the commercial banks involved – most of which are from continental Europe – while the IFC's portion has a 10-year maturity. The loan will pay an interest rate of 1¾ per cent over the London interbank offered rate.

The IFC says it has noticed a growing interest among commercial banks in lending to Mexican companies since Mexico agreed to restructure its debt as part of the Brady Plan earlier this year. At the same time, a lot of Mexican companies are interested in securing long-term bank loans. Banks are looking for economically viable projects, particularly those with export potential.

Singapore Petroleum well received

By Joyce Quek in Singapore

SINGAPORE Petroleum Company (SPC), the first Singapore company to seek a listing since the Gulf crisis erupted, had a better-than-expected debut yesterday. Supermarket group Provisions Suppliers Corporation (PSC) also performed well on a stock market where prices closed mixed after selective buying alternated with profit-taking.

SPC was saved at the last minute from being under-subscribed by the Kuwait Investment Office (KIO), which applied for all its 80m shares. The shares started at S$1.31 and, in hectic trading, was chased to $2.00 before closing at S$1.55, 30 cents above its S$1.25 issue price.

Dealers said the share, which was the day's most active stock with 8.6m shares traded, was supported by institutions.

PSC, meanwhile, was the third most active share with 2.86m shares transacted. It opened at 70 cents and peaked at 80 cents before closing at 71 cents, 11 cents above its offer price.

The issues were not expected to fare well because of the weak market, which has lost a quarter of its value since the Gulf crisis broke.

The government-linked SPC counts DBS Bank, Natsteel, Oceanic Petroleum (Asia), KIO, and C. Itoh, the Japanese trading giant, as its main shareholders. It is Singapore's only homegrown oil giant, with nine companies engaged in oil refining, marketing and distribution; trading of crude and petroleum products; third party processing; and tanker transportation.

PSC's offer of 20.9m 25-cent shares was 2.3 times subscribed. It operates a chain of mini-supermarkets and is rated a solid stock with a steady stream of earnings.

NMB Bank to open in Poland

NMB Bank, part of the Dutch NMB Post Bank Group, has been granted a licence to open a commercial office in Poland, writes Christopher Bobinski.

The bank is expecting its office to become operational by the end of this year and will offer international and domestic wholesale financial services. It hopes to concentrate on trade and corporate finance; leasing and underwriting; and acquisitions and mergers.

NMB, which already has offices in Berlin and Vienna, also has a consulting company as a joint venture with the Bank Handlowy, Poland's largest foreign trade bank.

American Express recently received a licence to operate in Poland and Credit Anstalt of Austria is planning to open a branch in Poland.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on October 25

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	99⅝	100⅛	+⅛	8.95
ALBERTA PROVINCE 9 3/8 95	400	101⅛	101⅝	+⅛	9.08
AUSTRIA 8 1/2 00	400	93⅝	94⅛	+⅛	9.51
BANK OF TOKYO 8 3/8 96	100	95½	96	+⅛	9.45
BELGIUM 9 1/8 92	400	100⅝	101⅛		8.58
BFCE 7 3/4 97	150	93	93½	+⅛	9.26
BNP 8 5/8 94	300	98¼	98¾	+⅛	9.01
BP CAPITAL 9 3/8 99	150	101⅝	102⅛		8.88
CANADA 9 96	1000	100¼	100¾	+⅛	8.91
CARCO 9 1/4 96	650	97⅛	97⅝		9.91
CCCE 9 1/4 95	300	101⅛	101⅝	+⅛	8.90
COUNCIL EUROPE 8 96	100	95¼	95¾	+⅛	9.08
CREDIT FONCIER 9 1/2 99	300	99⅝	100⅛	+⅛	9.51
DENMARK 0 98	250	49½	50	+⅛	9.46
DENMARK 8 1/4 94	150	97⅝	98⅛	+⅛	8.99
ECSC 8 1/4 96	193	95½	96	+⅛	9.21
EEC 7 1/4 93	250	97⅛	97⅝		8.61
EIB 7 3/4 96	250	94¼	94¾	+⅛	9.07
EIB 10 97	250	103¼	103¾	+⅛	9.26
ELEC DE FRANCE 9 98	200	99¼	99¾	+⅛	9.13
EUROFIMA 9 1/4 96	100	100	100½	+⅛	9.23
EXPORT DEV CORP 9 1/2 98	150	100½	100⅞	+⅛	9.39
FINLAND 7 7/8 97	200	92⅞	93⅜	+⅛	9.42
FINNISH EXPORT 9 3/8 95	200	100⅞	101⅜	+⅛	9.15
FORD MOTOR CREDIT 9 1/2 93	300	100¼	100¾	+⅛	9.35
GEN ELEC CAPITAL 9 3/8 96	300	100¼	100¾		9.29
GMAC 9 1/8 96	200	97½	98	+⅛	9.72
HALIFAX 9 1/2 93	200	101	101½	+⅛	9.02
IBM WORLD TRADE 7 5/8 93	150	96	96½		9.17
IND BK JAPAN FIN 7 7/8 97	200	91⅝	92⅛	+⅛	9.60
INTER AMER DEV 7 5/8 96	200	93	93½	+⅛	9.21
ITALY 8 1/2 94	1500	98⅝	99	+⅛	8.88
JAPAN DEV BK 8 94	150	97⅜	97⅞		8.86
KANSAI ELEC PWR 10 96	350	102	102½	+⅛	9.48
LTCB 8 5/8 93	150	99	99½		9.07
NEW ZEALAND 8 93	100	98	98½		8.85
NIPPON CRED BK 9 3/4 93	150	101½	101⅞	+⅛	9.14
NIPPON TEL & TEL 9 3/8 95	200	101	101½		9.06
NORDIC INV BANK 9 93	200	100¼	100¾	+⅛	8.69
OLYMPIA & YORK 8 1/4 96	435	83¼	85¼	+⅛	12.37
ONTARIO HYDRO 11 5/8 94	200	107	107½	+⅛	9.03
OSTER KONTROLLBANK 8 1/4 93	200	99	99½	+⅛	8.56
PRUDENTIAL RLTY SECS 0 99	365216	45¼	46½	+⅛	9.94
QUEBEC HYDRO 9 3/4 98	150	100¼	100⅝	+⅛	9.72
QUEBEC PROV 9 98	200	97¼	97⅝		9.54
SAINSBURY 9 1/8 96	150	98½	99⅛	+⅛	9.46
SAS 10 99	200	99⅝	100¼	+⅛	10.03
SBAB 9 1/2 95	500	101¼	101⅝	+⅛	9.13
STATE BK STH AUST 9 1/4 93	100	100½	101¼	+⅛	8.96
SUMITOMO BK CAP MKT 9 3/8 93	150	100⅝	101⅛		9.07
SWEDEN 8 1/8 94	150	97⅛	97⅝	+⅛	9.05
SWEDISH EXPORT 9 5/8 93	100	102	102½	+⅛	8.60
TOKYO METROPOLIS 8 1/4 96	200	95⅝	96¼	+⅛	9.20
WORLD BANK 8 3/8 99	1500	95⅛	95⅝	+⅛	9.40
WORLD BANK 8 3/4 97	1500	98½	99	+⅛	9.21
XEROX CORPN 8 3/8 96	100	92¼	93¼		10.17

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	96¼	96¾		9.18
AUSTRIA 6 98	400	83½	83¾		9.14
CNT 6 1/8 98	200	82½	83		9.28
CREDIT FONCIER 6 3/4 99	500	85½	86	+⅛	9.24
DEUTSCHE BK FIN 5 5/8 96	750	85½	86	-⅛	8.96
EEC 5 3/8 93	300	92¼	92¾	-⅛	9.16
EIB 6 1/8 96	300	86½	86¾	-⅛	9.27
EIB 6 7/8 95	300	91¼	91¾	+⅛	9.11
EUROFIMA 6 1/4 98	400	84⅝	84⅞	+1⅛	9.09
FELDMUEHLE FINANCE 8 99	200	91½	91⅞	-⅛	9.41
FERRO DEL STAT 5 3/8 93	500	92¼	92¾	+⅛	9.10
IND BK JAPAN FIN 5 5/8 96	200	84⅛	84¼		9.48
INTER AMER DEV 7 1/4 99	300	89⅜	89⅞		9.11
LUFTHANSA INT FIN 5 7/8 98	500	82¼	82¾		9.28
QUEBEC HYDRO 6 3/4 99	300	85⅜	85⅞	+⅛	9.32
SWEDEN 6 1/8 98	300	84½	84⅞	+⅛	9.11
WORLD BANK 0 15	2000	13½	13⅝	+⅛	8.29
WORLD BANK 5 3/4 96	300	85⅝	86		9.24
WORLD BANK 7 1/8 95	500	93	93½		9.18

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AIR CANADA 6 1/4 PERP	300	58	58½	+½	10.76
ASIAN DEV BANK 6 10	100	81¼	82		7.89
AUSTRIA 4 5/8 98	100	86	86½	+1	7.15
COUNCIL EUROPE 4 3/4 98	250	85	85½	-¼	7.48
EEC 5 1/2 00	100	86¼			7.49
EIB 5 3/4 93	100	96¼	97	-½	7.18
FINLAND 5 3/8 95	150	93¾	94		6.89
GENERAL MOTORS 7 1/2 95	100	101¼	102¼		7.02
JAPAN DEV BK 5 1/2 94	100	95	96	+2	7.25
MOUNT ISA FINANCE 5 3/4 94	100	80		+½	13.14
NEW ZEALAND 4 7/8 99	200	81½	82½	-½	8.01
QUEBEC HYDRO 5 08	100	74½	76		7.70
SKANDINAVISKA ENSK 6 1/2 95	100	98½	99½		6.71
WORLD BANK 5 03	150	82			7.20
WORLD BANK 7 1/4 92	100	101	101½	+½	6.59

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	91⅛	92		7.72
CANADA 4 3/8 92	80000	94⅛	95	-⅛	7.83
CREDIT FONCIER 5 1/4 94	20000	91	91½		7.86
DENMARK 7 95	40000	97⅝	98	+⅛	7.62
EIB 4 5/8 94	40000	90⅞	91⅛		7.66
GENERAL ELECTRIC 5 3/4 99	35000	95⅛	95⅝		8.01
INTER AMER DEV 7 1/4 00	30000	98⅛	98⅝		7.48
ITALY 5 3/4 92	150000	97½	97¾	+⅛	7.79
KANSAI ELEC PWR 4 5/8 96	60000	90⅛	90⅝		7.76
NIPPON TEL & TEL 5 7/8 96	50000	92	92¼	+⅛	7.60
NORWAY 5 1/8 95	50000	90½	91	+⅛	7.65
SWEDEN 5 5/8 95	20000	91⅛	92⅛	+⅛	7.73
WORLD BANK 6 3/4 00	50000	95¼	95½	+⅛	7.46

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	400	91⅛	92⅛		10.06
KREDIETCORP 7 93 LFr	1000	92½	93½	-⅛	10.15
WORLD BANK 8 96 LFr	1000	91⅛	92⅛		10.00
AMRO BANK 6 1/4 92 Fl	150	94½	95⅛		9.61
RABOBANK 5 3/4 93 Fl	150	92	92½		9.49
ALBERTA PROVINCE 10 92 C$	300	96⅛	97⅛		12.04
BCE INC 9 5/8 93 C$	300	94½	94⅞	+⅛	12.36
BELL CANADA 10 5/8 99 C$	150	91⅝	92⅛	+⅛	12.16
BRITISH COLUMBIA 9 1/4 93 C$	150	94⅛	94⅝	+⅛	12.21
EIB 10 1/8 98 C$	130	92⅛	92⅝	+⅛	11.72
FORD CREDIT CANADA 10 94 C$	100	91⅝	92⅛	+⅛	12.85
GENERAL ELECT CAP 10 1/4 93 C$	175	95⅝	96⅛		11.98
MONTREAL TRUSTCO 8 1/2 92 C$	100	93⅛	94⅛		13.57
ONTARIO HYDRO 10 7/8 99 C$	500	93⅛	93½	+⅛	12.17
QUEBEC PROV 10 1/2 98 C$	200	90⅞	91⅜	+⅛	12.41
ROYAL TRUSTCO 10 1/4 93 C$	100	94⅛	94⅝	+⅛	12.99
SWEDEN 9 3/4 93 C$	250	95¼	95¾	+⅛	11.97
AUSTRIA 7 3/8 93 Ecu	125	92⅝	93⅛	-⅛	10.88
CNT 7 3/8 93 Ecu	250	92	93⅛		10.95
CREDIT LYONNAIS 9 96 Ecu	125	92¼	92¾	+⅛	10.94
DENMARK 7 5/8 96 Ecu	250	87⅝	88⅛	+⅛	10.63
EEC 7 5/8 94 Ecu	200	92½	93	+⅛	10.37
EIB 10 97 Ecu	1125	98¼	98¾	+⅛	10.26
ITALY 10 3/4 00 Ecu	1000	101¼	102	+⅛	10.43
SWEDEN 7 1/2 93 Ecu	250	91⅛	92⅛		10.91
BMW FINANCE 14 1/2 92 AS	100	101	101½	-⅛	13.53
COUNCIL EUROPE 13 93 AS	50	99⅝	100¼	+⅛	13.10
EKSPORTFINANS 12 3/8 95 AS	75	99	99½	+⅛	12.62
FORD CRED AUST 13 93 AS	50	98	98½		13.94
ICI 15 1/2 92 AS	100	101½	102½		13.93
MCDONALDS CANADA 15 95 AS	100	103¼	103¾	-⅛	13.98
NAT AUSTRALIA BANK 14 3/4 94 AS	150	102⅝	103⅛		13.63
STATE BK NSW 14 1/4 99 AS	100	101½	101⅞	+⅛	13.93
VOLKSWAGEN INTL 15 94 AS	100	103⅝	104⅛		13.49
ABBEY NATL TREAS 13 3/8 95 £	100	102¼	102¾		12.61
BARCLAYS JERSEY 9 1/2 93 £	250	93⅛	93⅝		12.75
BRITISH GAS 12 3/4 95 £	150	102¼	102½		12.04
DEUTSCHE BK FIN 11 94 £	225	96⅝	97		12.28
EIB 10 97 £	300	90	90½	-⅛	12.36
FORD CREDIT FUNDING 9 5/8 93 £	90	92⅞	93⅜		13.24
INTER AMER DEV 11 3/8 95 £	75	97⅛	97⅝	+⅛	12.11
ITALY 10 1/2 14 £	400	85	86¼		12.33
LAND SECS 9 1/2 07 £	200	73¼	73½	-⅛	13.65
LEEDS PERMANENT 9 1/4 93 £	50	92⅛	92⅝		12.95
NORWAY 10 1/2 94 £	200	95¼	95⅝		12.38
ROLLS-ROYCE 9 5/8 93 £	150	92⅝	93⅛	-⅛	13.00
SAINSBURY 10 7/8 93 £	100	96⅛	96⅝	+⅛	12.88
SKANDINAVISKA ENSK 13 1/8 95 £	100	101½	102¼	+⅛	12.72
WORLD BANK 11 1/4 95 £	100	97¼	97¾		12.02
ABBEY NATIONAL 0 96 NZ$	100	45⅝	47	+⅛	14.07
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	99⅝	100¼		13.20
AIDC 7 7/8 93 FFr	600	93⅛	93⅝	+⅛	10.67
CREDIT LYONNAIS 10 95 FFr	2000	97½	98	+⅛	10.68
EURATOM 7 5/8 98 FFr	500	84½	85	+⅛	10.67

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ABBEY NATIONAL 1/16 00 £	150	99.92	100.01	13.9375
ALBERTA PROVINCE 1/32 93	500	99.89	99.99	8.4063
ALLIANCE & LEICS 0.08 94 £	300	99.73	99.78	13.9550
BANCO ROMA 0.03 01	200	93.44	94.25	8.4675
BANCO SANTO SPIRITO 93	200	99.40	99.50	8.4375
BELGIUM 1/16 97 DM	500	99.97	100.07	8.8125
BFCE -0.02 96	350	99.51	99.61	8.4175
BNP 05	300	97.74	98.00	8.0000
BRITANNIA 1/10 96 £	150	99.67	99.72	13.9750
CITICORP 1/4 98	500	84.63	86.89	8.3125
CITIZENS FED 0.15 96	100	99.38	99.84	8.2125
COMMERZBK O/S FIN 93	200	99.46	99.56	7.9375
DENMARK -1/8 96	1000	98.90	99.02	8.0000
FERRO DEL STAT 94	200	100.06	100.17	8.2500
HALIFAX 1/10 94 £	200	99.91	99.96	15.1000
MITSUI FIN ASIA 1/8 96	100	99.85	99.95	8.1875
MORGAN (JP) 1/4 97	250	98.46	99.19	8.5000
NAT WEST FIN 3/16 05	400	94.96	95.71	8.3125
NEW ZEALAND 93	500	99.29	99.39	8.0625
NORTHEAST SAVINGS 1/10 96	150	99.42	99.94	8.1625
PORTUGAL 0.05 93	700	99.89	99.99	8.4875
QUEBEC PROV 01	300	97.06	97.36	8.1250
RENFE 98	500	99.27	99.40	8.5000
SOCIETE GENERALE 96	300	98.55	98.65	8.0000
UNITED KINGDOM -1/8 96	4000	99.87	99.91	8.2500
WELLS FARGO 1/16 94	150	95.35	96.54	8.1875

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.95	103¼	104½	+24.98
ASDA-MFI 4 3/4 02 £	100	1.64	108⅞	110	+41.71
BURTON GROUP 4 3/4 01 £	110	3.15	101¼	102½	
EASTMAN KODAK 6 3/8 01	300	50.67	92¼	93¼	+17.07
GOLD KALGOORLIE 7 1/2 00	65	1.0554	70¼	71¼	+28.53
GOODYEAR TIRE 6 7/8 03	150	80¼	51⅝	53⅛	
GRACE (WR) 6 1/4 02	150	42¼	68⅞	70	+38.99
GRAND MET 6 1/4 02 £	100	6.58	92¼	93¼	+2.74
HAWLEY 6 02 PREF	400	1.91	94⅛	96¼	+30.30
HILLSDOWN 4 1/2 02 £	150	4.16	101⅝	102⅝	+60.14
INTL PAPER 5 3/4 02	200	68½	82⅞	83⅞	+16.10
LAND SECS 6 3/4 02 £	84	6.72	83¼	84¼	+9.28
MITSUBISHI BK 1 3/4 02	300	2727.1	79	81	-0.53
OGDEN 6 02	85	39.077	63⅞	64⅞	+45.75
PACIFIC DUNLOP 6 3/4 97	75	3.749	98¼	99¼	+3.56
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	76¼	77¼	
THORN EMI 5 3/4 04 £	103	7.45	101¼	102¼	+19.99

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Yen deals take advantage of rare swap opportunities

By Simon London

TWO *short-dated* yen deals were launched yesterday by borrowers taking advantage of rare swap opportunities at the shorter end of the yield curve.

The biggest of the deals was a Y30bn offering from General Electric Capital Corporation, via IBJ International. The two-year deal was launched at Y25bn during the morning, but increased in size in the face of strong retail demand.

This suggests that demand for the few top-rated corporate names *remains undiminished*, despite universal worries about corporate credit quality. For example, on Wednesday, Moody's Investors Service downgraded Ford Motor's long-term credit rating.

The 8 per cent coupon is identical to the Y30bn two-year deal launched by Finnish Export Credit last week. However, the earlier deal was aimed mainly at Far Eastern investors, evidenced by a short first coupon structure, whereas yesterday's GECC issue saw strongest demand in Europe.

The issue was priced at 101.025 and traded at around 99.95 bid, comfortably inside full fees of 1.125 per cent.

Crédit Local de France came slightly later with a two-year Y25bn deal, via Nikko Securities. The 8 per cent coupon, attractive to retail investors, was also offered but the issue price of 101.125 was marginally higher than on the GECC deal.

The issue traded at par bid, inside full fees of 1¼ per cent.

Also in the yen sector, *Onoda Cement came with a six* year, Y10bn deal via Daiwa. *The paper pays 7⅞ per cent*, with an issue price of 101.5 and full fees of 1⅞ per cent.

Two tailored deep-discount issues in Australian dollars were aimed at Far Eastern institutional investors. The deep discount allows the investors to exchange new paper for old bonds trading well below par. The transaction effectively defers the loss until the new paper matures.

Danish electricity consortium Elsam launched a A$50m deep discount 10-year deal via Mitsui Taio Kobe, with paper priced at 62 per cent and bearing a coupon of 6¼ per cent. Nordbanken came with a similar 10-year A$40m issue, priced at 73 per cent with a 7.9 per cent coupon. However, neither deal will be actively traded and both were quoted less 2 bid, a discount equivalent to full fees.

Wednesday's $450m *floating* rate deal from Instituto de Credito *Oficial (ICO) via Goldman* Sachs traded actively yesterday *for the first time*. The paper met with strong demand from institutional investors and central banks and traded at around 99.82 bid from an issue price of par – within full fees of 23 basis points.

Today, J. P. Morgan is expected to bring a seven-year $250m deal for Japan Development Bank.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
AUSTRALIAN DOLLARS						
Elsam(a)◆	50	6.2	64	2000	2/1¼	Mitsui Taiyo Kobe
Nordbanken(a)◆	40	7.9	73	2000	2/1¼	LTCB Int.
SWISS FRANCS						
Air France(c)◆	100	7⅝	101⅝	2000	-	UBS
Yamada Denki Co.(b)★★§	35	6⅛	100	1995	1⅝/1½	Nomura Bk (Switz)
YEN						
Gen.Elec.Cap.Corp(a)◆	30bn	8	101.025	1992	1⅛/⅞	IBJ Int.
Credit Local de France(a)◆	25bn	8	101⅛	1992	1⅛/⅞	Nikko Secs.(Europe)
Onoda Cement Co.(a)◆	10bn	7⅞	101½	1996	1⅞/1¼	Daiwa Europe

★★Private placement. §Convertible. ♦With equity warrants. †Floating rate note. ◆Final terms. a) Non-callable. b) Put option 31/3/93 108⅛% to yield 9.271%. c) Callable after 8 years 101½% declining by ¼% annually.

SIB drafts rules to allow UK futures funds

By Deborah Hargreaves

THE SECURITIES and *Investment Board*, the UK securities regulator, will bring out a draft paper in mid-November on rules that will allow the creation of futures and options funds in the UK.

The draft will be the second paper produced on fund regulations. It follows the transfer last month of responsibility for regulations on investment and borrowing powers from the Department of Trade and Industry to the SIB.

The DTI proposed draft regulations on futures funds in March with the intention of passing the rules into law at *the end of the year after taking* comments on the proposal *from the futures industry*.

Given the rush of remarks *on the proposals and the com*plexity of the subject, the SIB will announce a second consultative period before the new rules become law in the first quarter of next year.

Once passed, the regulations will open up to UK participants a market that has grown into an $8bn business worldwide.

In its second paper, the SIB is asking for comment on a series of issues that raised some serious questions in the first draft.

These include the question of low and high exposure funds and how these should be marketed, as well as the extent of a guarantee that can be provided on money in the funds.

At the same time, it will prompt discussion on the extent to which managers of authorised futures and options funds should use the over-the-counter market.

In the DTI's initial draft reg*ulations, no distinction* was made between funds which were *highly geared* and those that carried a low exposure to *the derivatives markets*.

Many market players felt it *was important to* divide these into different categories.

The SIB is now likely to suggest a division of the funds into high and low exposure. A high exposure fund will be one that carries any sort of gearing. Marketing literature will have to carry a strong risk warning for a high exposure fund and the way in which it is marketed will also be restricted.

A low exposure fund, on the other hand, will be similar to a unit trust, but will have more flexibility in its use of covered stock options.

These funds will be able to be sold in the same way as unit trusts, which means they can be marketed more visibly than high exposure instruments, for example by prominent advertisements in newspapers and through cold calls.

Many unit trust managers and brokerage houses are considering the introduction of *90-10 funds*, which have proved extremely popular in the US. *These typically* involve the deposit of 90 per cent of the fund's money into US Treasury bonds, certificates of deposit, or another low-risk investment. The remaining 10 per cent is used to play the futures markets. Under the SIB's expected guidelines, *90-10* funds would be considered low-risk funds and could be sold to a whole range of retail investors.

While a 90-10 fund can be said to afford some kind of guarantee to the investor – at least of a return of principal at the end of the investment period – the SIB is reluctant to encourage the liberal use of the word "guarantee" in futures fund advertising.

The agency is expected to lay down fairly strict rules on what constitutes a guarantee.

The extent to which the authorised futures and *options* funds should use the over-the-counter *market* is another issue which has caused a *lot of controversy* and which the SIB will address in *its new paper*.

Since the OTC market is not very liquid, it can present problems for managers in valuing their funds on a regular basis.

The SIB is trying to prompt more industry discussion on the area with a view to establishing restrictions on how the *new funds* can use OTC instruments.

Last week, ED & F Man, the UK futures brokerage house, *became the latest firm* to launch a guaranteed futures fund *offshore* when it announced its Athena fund. The firm said it was looking at setting up an authorised fund in the UK when the *new rules* came into force.

In a recent survey, *eight out* of 10 unit trust managers said *they were considering setting* up their own futures funds and the SIB reports a steady stream of interest in its consultation paper.

For this reason, there is considerable impatience in the futures industry over the fund regulations.

A number of futures and options funds have been created offshore in the past few months with a view to becoming legalised in the UK once the rules are passed.

A prize vindication of CBOT's campaign

Barbara Durr on the wider implications of Professor Merton Miller's Nobel award

The Nobel Prize for Economics that went to Professor Merton Miller of the *University* of Chicago's Graduate School of Business *last week has buoyed the* spirits of Chicago's often *besmirched futures markets*. Professor Miller is their best *known and staunchest* academic defender.

Merton Miller: "We've fought them to a standstill"

Mr Miller served from 1983 to 1985 as an outside director *with the Chicago Board of* Trade, the world's largest futures exchange, and is currently a director of the Chicago Mercantile Exchange, the second largest futures market.

In the past year he has also taken a position on the frontline in the markets' war against the legislative initiative of US Treasury secretary, Nicholas Brady, who wants to shift authority over stock index futures from the Commodity Futures Trading Commission (CFTC) to the Securities and Exchange Commission (SEC). He proudly says: "We've fought them to a standstill."

Mr Brady's proposal and his own heavy lobbying were not enough to prompt Congress to act on the issue, which has been postponed until the next legislative session. However Mr Miller fully expects the fight to continue next year "unless we can get Secretary Brady an ambassadorship somewhere".

Mr Miller says he became embroiled in the regulatory dispute because he was part of the commission set up by the CME to judge the futures markets' role in the the 1987 stock market crash.

The conclusion of Mr Miller's panel was that the Chicago *markets had not been to blame* for the crash while Mr Brady, *who presided over former Pres*ident Ronald Reagan's commission *to look into the crash*, arrived at the opposite conclusion. The two have been duelling ever since.

Mr Miller, who shared the prize last week with fellow finance specialists, Mr Harry Markowitz and Mr William Sharpe, says he is one more in a long tradition of University of Chicago faculty members – known for their uncompromising free market fervour – who have worked on the theory and examined the practices of risk management.

Mr Miller received the Nobel prize for his work on corporate finance, particularly the 1958 Modigliani-Miller Theorem, which showed that a company's market value and cost of raising capital was independent of its debt-equity ratio and its dividend payouts. Mr Miller worked with Mr Franco Modigliani, *who received the* Nobel prize for economics in 1985.

While the Nobel *prize* meant that the science of corporate finance "has been accepted in the mother church of economics", according to Mr Miller, it is unclear yet whether he will be able to help lift the low esteem in which the Chicago futures markets are held by many on Wall Street.

Mr Miller's affinity for Chicago's futures markets began seven years ago when he first sat on the CBOT's board and became fascinated with how markets worked. He became involved in some of the ground-breaking studies on the markets' liquidity and into their operation as businesses. His view that futures markets operate much like any corporation, with concerns about competition, products and profits, put new light on what many had considered simply functional chaos. Mr Miller became, *in fact*, such a *widely-trusted* figure in the industry that Mr Gerard Pfauwadel, *now presi*dent of the Marché a Terme *International de France* (Matif), went to him after the 1987 crash to ask whether the fledgling exchange should really go ahead.

Mr Miller could yet play another vital role in the futures industry as talk increases about a merger of the two massive Chicago exchanges. He is part of the committee formed by the two markets to consider joint projects, with particular attention to international competition.

While a merger is thought a long way off, Mr Miller says there is much to be done to bolster Chicago's competitive position, such as consolidating clearing and eliminating duplication of foreign offices. Although 67, he has no plans to retire and may find himself a key player in paving the way to a historic realignment of Chicago's markets. That could be his next prize.

National Power chooses finance

THE UK's largest electricity generatin' company, National Power, aw'arded the loan mandate for £1.5bn of financing yesterday. The company asked Barclays and Manufacturers Hanover jointly to arrange its five-year multi-currency revolving credit facility, writes Deborah Hargreaves.

PowerGen, the other UK generator to be privatised next year, has awarded the mandate for its £1bn loan to Samuel Montagu and S.G.Warburg.

Bank Duta makes progress

BANK Duta, Indonesia's scandalised private bank which recently announced that it lost more than $400m in foreign exchange trading, has reported pre-tax profits of Rp22.61bn in the first nine months of 1990, Reuter reports from Jakarta.

The bank, which went public in June, declined to give 1989 nine-month figures, but said gross profits in all of last year amounted to Rp21.63bn.

The scandal at Bank Duta, which has since replaced its entire board, including a senior minister, has prompted speculation that other private banks may also have incurred big losses because of the dollar's long decline.

A statement to a shareholders meeting this week to approve the board changes said leading shareholders had since injected the equivalent of $419.64m in fresh funds. Bank Duta is more than 70 per cent owned by foundations which are chaired by President Suharto.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thursday October 25 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Oct 24: Index No.	Tue Oct 23: Index No.	Mon Oct 22: Index No.	Year ago (approx): Index No.
1	CAPITAL GOODS (196)	706.18	−1.2	15.70	6.74	7.79	31.87	714.59	718.62	711.41	857.83
2	Building Materials (26)	954.69	−2.1	15.38	6.40	8.01	40.76	975.06	974.85	963.51	1008.46
3	Contracting, Construction (35)	1145.45	−1.0	17.42	6.97	7.44	58.05	1156.60	1164.15	1159.03	1346.78
4	Electricals (10)	1880.00	−0.1	14.95	7.16	8.18	84.91	1881.24	1876.78	1866.63	2472.04
5	Electronics (26)	1574.12	−0.6	10.68	5.44	12.80	58.17	1582.94	1589.05	1581.52	1910.75
6	Engineering-Aerospace (8)	418.61	+0.2	16.17	5.82	7.43	15.45	417.65	419.76	415.12	0.00
7	Engineering-General (47)	360.66	+0.3	16.61	7.20	7.24	17.38	359.70	357.90	357.02	0.00
8	Metals and Metal Forming (8)	399.59	....	28.52	8.36	4.27	17.02	399.58	407.40	398.72	447.02
9	Motors (13)	276.46	−1.0	18.32	8.70	6.36	14.53	279.24	278.79	269.11	350.19
10	Other Industrial Materials (23)	1160.51	−2.5	14.51	7.03	7.96	60.27	1190.54	1209.65	1197.84	1591.96
21	CONSUMER GROUP (176)	1197.35	−1.3	10.32	4.31	11.96	31.51	1213.45	1220.75	1207.38	1212.77
22	Brewers and Distillers (22)	1510.07	−1.2	10.36	3.92	11.70	33.61	1528.17	1526.94	1506.41	1384.08
25	Food Manufacturing (18)	1014.79	−0.3	11.44	4.81	10.77	28.13	1017.45	1020.25	1012.75	1076.44
26	Food Retailing (17)	2283.05	−3.9	10.45	3.66	12.19	52.68	2375.93	2374.89	2362.09	2304.92
27	Health and Household (16)	2439.46	−1.2	7.25	3.05	16.31	50.32	2469.47	2505.24	2457.44	2336.53
29	Leisure (32)	1202.38	−0.6	12.45	5.40	9.72	44.58	1209.81	1212.07	1203.50	1514.01
31	Packaging & Paper (12)	484.19	−0.6	13.30	7.19	9.24	22.95	486.97	487.32	483.88	530.82
32	Publishing & Printing (14)	2911.23	−0.8	12.32	6.44	10.16	126.51	2935.13	2912.73	2888.75	3463.58
34	Stores (33)	792.49	−1.4	11.13	4.65	11.69	19.51	803.43	817.30	812.12	752.92
35	Textiles (12)	421.56	−0.6	14.16	8.42	8.95	20.45	424.10	427.38	420.65	514.67
40	OTHER GROUPS (107)	967.85	−0.9	12.77	6.06	9.53	32.16	976.93	986.28	978.01	1088.07
41	Agencies (16)	1001.01	−1.8	10.61	3.34	11.42	22.25	1019.75	1033.88	1025.36	1481.73
42	Chemicals (24)	996.84	−1.1	13.24	6.67	8.92	46.81	1008.44	1021.37	1016.05	1162.55
43	Conglomerates (15)	1298.15	−2.2	13.08	7.71	9.22	38.53	1327.99	1345.61	1337.20	1546.69
44	Transport (14)	1875.89	−1.3	12.95	5.59	9.78	67.29	1900.66	1909.05	1885.97	2096.54
46	Telephone Networks(3)	1060.68	−0.3	12.34	5.15	10.55	26.09	1063.42	1067.87	1066.49	1077.87
47	Water(10)	1963.61	−0.9	14.95	6.90	7.57	68.12	1981.76	1971.30	1947.60	0.00
48	Miscellaneous (25)	1524.41	+0.3	12.29	5.91	9.45	61.84	1519.30	1549.99	1515.74	1769.12
49	INDUSTRIAL GROUP (479)	1007.11	−1.2	12.25	5.38	10.01	32.81	1019.06	1026.21	1015.99	1099.66
51	Oil & Gas (21)	2313.48	−0.4	9.67	5.40	13.50	83.44	2322.53	2324.12	2298.56	2095.24
59	500 SHARE INDEX (500)	1114.06	−1.1	11.85	5.38	10.43	37.07	1125.89	1132.69	1121.22	1183.39
61	FINANCIAL GROUP (103)	686.65	−0.7	–	6.92	–	32.89	691.37	696.00	687.66	737.23
62	Banks (9)	730.22	−1.3	22.41	7.89	5.84	42.00	739.65	748.78	735.79	716.96
65	Insurance (Life) (7)	1281.63	−1.0	–	5.99	–	55.82	1294.93	1295.56	1290.22	1229.96
66	Insurance (Composite) (6)	583.67	−0.6	–	7.27	–	32.08	586.99	589.57	583.40	641.25
67	Insurance (Brokers) (8)	862.19	+1.9	8.72	7.45	15.03	41.94	846.47	844.83	846.79	1044.52
68	Merchant Banks (7)	347.88	+0.4	–	5.88	–	12.75	346.33	347.50	346.02	393.30
69	Property (45)	938.85	−0.2	7.84	5.20	16.83	25.45	940.52	945.03	930.91	1158.87
70	Other Financial (21)	244.57	....	11.62	7.14	11.06	11.83	244.54	245.12	244.90	319.62
71	Investment Trusts (66)	1016.36	+0.4	–	3.90	–	25.91	1012.82	1014.63	1006.85	1170.71
91	Overseas Traders (5)	1131.00	−1.6	12.65	8.17	9.42	69.98	1149.34	1168.95	1153.34	1309.41
99	ALL-SHARE INDEX (674)	1009.72	−1.0	–	5.58	–	35.66	1019.54	1025.74	1015.13	1075.51

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Oct 24	Oct 23	Oct 22	Oct 19	Oct 18	Year ago
FT-SE 100 SHARE INDEX‡	2088.7	−21.8	2109.7	2085.5	2110.5	2127.0	2102.8	2089.8	2082.6	2129.4

FIXED INTEREST

	PRICE INDICES	Thu Oct 25	Day's change %	Wed Oct 24	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	118.05	+0.09	117.95	–	10.24
2	5-15 years	122.47	+0.10	122.34	–	11.95
3	Over 15 years	124.15	+0.02	124.13	–	9.84
4	Irredeemables	138.29	+0.37	142.38	4.61	13.46
5	All stocks	122.97	+0.09	122.89	0.04	11.31
	Index-Linked					
6	Up to 5 years	154.65	....	154.64	–	3.04
7	Over 5 years	138.56	+0.19	138.30	–	3.45
8	All stocks	139.66	+0.17	139.41	–	3.42
9	Debentures & Loans	102.00	−0.02	102.03	–	9.29
10	Preference	73.12	+0.08	73.06	–	5.40

	AVERAGE GROSS REDEMPTION YIELDS		Thu Oct 25	Wed Oct 24	Year ago (approx.)
	British Government				
1	Low	5 years	10.54	10.56	9.76
2	Coupons	15 years	10.81	10.81	9.47
3		25 years	10.82	10.82	9.39
4	Medium	5 years	11.52	11.55	10.83
5	Coupons	15 years	11.26	11.27	9.82
6		25 years	11.11	11.10	9.48
7	High	5 years	11.62	11.64	10.93
8	Coupons	15 years	11.49	11.50	10.03
9		25 years	11.39	11.38	9.63
10	Irredeemables†		10.98	11.01	9.48
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.19	4.18	3.63
12	Inflation rate 5%	Over 5 yrs.	4.38	4.39	3.62
13	Inflation rate 10%	Up to 5 yrs.	2.93	2.92	2.77
14	Inflation rate 10%	Over 5 yrs.	4.19	4.20	3.44
15	Debs &	5 years	13.19	13.27	13.54
16	Loans	15 years	12.77	12.77	12.12
17		25 years	12.46	12.44	11.63
18	Preference†		12.99	12.99	10.57

‡Opening index 2109.6; 9 am 2103.7; 10 am 2101.1; 11 am 2097.9; Noon 2098.0; 1 pm 2097.2; 2 pm 2096.3; 2.30 pm 2097.7; 3 pm 2099.2; 4.10 pm 2087.7; (a) 8.31am (b) 3.42pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	62	6	22
Corporations, Dominion and Foreign Bonds	1	4	16
Industrials	215	374	965
Financial and Properties	146	142	454
Oils	19	24	46
Plantations	2	2	6
Mines	43	43	69
Others	50	78	86
Totals	538	673	1,664

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+or-	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TRADITIONAL OPTIONS

- First Dealings Oct.15
- Last Dealings Oct. 26
- Last Declarations Jan. 24
- For settlement Feb. 4

For rate indications see end of London Share Service

Calls: Business Technology, Eraldine House, Ford Sellar Morris, Pentos, Richmond Oil & Gas, Tallow Res., Tuskar Res. Puts: Brent Walker, [illegible]

LONDON TRADED OPTIONS

A FURTHER *rise in oil prices and a decline on Wall Street pushed* equity futures lower yesterday, while in the traded options market Rolls-Royce was actively traded.

The December FT-SE 100 index drifted lower throughout the session as economic worries and on concern that tension in the Gulf would lead to higher energy prices.

The futures contract finished at 2,128, down 20 points on the day. December's premium over the cash index continued to narrow and it ended at 41 points, against 46 in the previous session. December now stands close to the fair premium of 35 points, which is an estimate of future dividend payments and the cost of finance.

The futures market has struggled to trade above fair value this week and as the cash market has sagged it has had its premium rating whittled away.

In the traded options market, dealing levels improved slightly, with activity weighted towards puts. A total of 34,844 contracts were traded against 28,361.

The FT-SE 100 index options traded 9,041 contracts and was divided between 2,781 calls and 6,070 puts. Some of the larger trades were bearish, including Tullett and Tokyo's purchase of 1,000 December 2,100 puts at 70p.

Among the stock options, Rolls-Royce was the most active, trading 5,540 lots. Business was weighted more towards puts with the March 180 the most popular series. One broker bought the March 180 straddle, which involved the purchase of 250 March 180 calls and the same number of March 180 puts. The same broker also bought 500 March 200 calls at 9p.

Racal continued to attract interest after the recent bid speculation. A total of 2,329 contracts changed hands, most of which were calls. The February 180 calls were the most popular.

Option		CALLS			PUTS		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS			PUTS		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS			PUTS		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE INDEX (*2088)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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UK COMPANY NEWS — POLLY PECK COLLAPSE

Difficulties in spotting investments in Turkey and northern Cyprus ● Possible break-up values of divisions ● Individual shareholder anger

Trouble looms in identifying cash resources

By David Barchard

PROBABLY THE most daunting task awaiting the three administrators of Polly Peck International lies in identifying the cash resources in the group's Turkish and Turkish Cypriot operations and if possible releasing them to pay creditors of the group in the rest of the world.

The problem is complicated by three things:

● Polly Peck has virtually no difficulties with its six banking partners in Turkey and its Turkish operations appear to be insulated from the financial crisis in the rest of the group. There seem to be no Turkish voices among the group of 60 creditor banks in London.

● Though Polly Peck's Middle Eastern and Near Eastern subsidiaries, which are assumed to mean its operations in Turkey and northern Cyprus, contributed £107m to group profits last year, virtually nothing is known about them.

The main cash generator for the group, Meyna, a citrus exporter based in Mersin, refused to disclose information to auditors from Coopers & Lybrand Deloitte last week. A court injunction in northern Cyprus looks set to impose a ban on all disclosure of information on the group's companies, at least until November 26 when a further court hearing is due.

● Mr Asil Nadir, in an emotional valedictory note to his Turkish employees in Istanbul yesterday, apparently pledged himself to resist all future attempts to transfer resources from the Turkish companies.

The first step for the administrators will be to get their qualifications recognised by the Turkish authorities. This will probably mean applying to a Turkish Commercial Court. There are 21 main Polly Peck subsidiaries in Turkey (to be carefully distinguished from the businesses privately owned by Mr Nadir himself) and the process may have to be repeated in each case.

The attitude of the Turkish authorities will be crucial in ensuring whether or not this process can be achieved swiftly.

When the government is eager for a quick result in Turkey, it can usually be attained. Left to themselves, bureaucratic processes can prove almost infinitely slow even when there is no desire for positive obstruction.

Yesterday there was an almost thunderous silence in Ankara as the authorities tried to digest the consequences of Wednesday's decision to put Polly Peck into administration.

The development taken by itself is not wholly unfamiliar locally: over the last decade a number of large corporate groups have gone into liquidation.

Others have been discreetly rescued behind the scenes, often by the intervention of the state bank: something which — perhaps because of the glare of international publicity — was evidently not on offer for Polly Peck.

In general, the Turkish authorities have always tried to prevent even obsolescent factory plant being closed down, and if a plausible purchaser emerges who is capable of taking on operations such as

Asil Nadir (left), who will resist attempts to transfer resources from the Turkish companies, and Rauf Denktash, wary of the foreign hands Polly Peck investments might fall into

Vestel, the group's consumer electronics division, and running them effectively the government will be delighted.

President Turgut Ozal has some experience of finding suitable international partners, usually from western Europe, for such ventures.

Other Polly Peck operations, such as the Turkish franchise for Pizza Hut, or the new Sheraton Voyager Hotel in Alanya (reputed to be suffering severe cash flow problems of its own), will probably not have much difficulty in finding a buyer.

When it comes to northern Cyprus, the picture is likely to be very different. Though similar legal formalities in commercial courts will apply, the going will almost certainly be very much harder. Because of the contest with the Greek Cypriots in the south of the island, President Denktash and his government in the self-proclaimed Turkish Republic of northern Cyprus cannot afford to let the Polly Peck investments pass into foreign hands unless they are very sure of whom they are dealing with.

Mr Nadir has managed to project his industrial empire,at least to the Turkish Cypriot political establishment, as something of a national cause. It may also be surmised that any dirty linen the group has is probably to be discovered in Cyprus.

A wearying and time-consuming task may lie ahead for the administrators in northern Cyprus. Just possibly an outright confrontation may emerge. The Turkish Cypriot state is recognised by no one except Turkey and as a result can afford to be less co-operative in its attitude.

Worst estimates for assets sale fall below £1bn

By Daniel Green

FOUR WEEKS ago, City analysts put a break-up value of £1.7bn on Polly Peck, compared with net debt of about £1.1bn. But since then the climate for selling businesses has become distinctly chillier.

The lack of buyers for large companies has forced the City's worst-case estimates of how much money could be raised by a fire sale of assets to well below the £1bn mark.

Analysts say that shareholders' hopes of salvaging cash from the wreckage of their investment lies in the Turkish and northern Cypriot fruit businesses. Many of them have suggested it may not be possible to repatriate cash from their sale. A month ago, estimates of their value was about £500m.

Although other operations may be easier to sell, their estimated values have fallen over recent months.

● One victim has been Del Monte Fresh Fruit which Polly Peck bought for $875m in September 1990 from RJR Nabisco, the US tobacco and food group. At the time the sterling price was £557m, but with the now weaker dollar, that equates to £447m.

There are rival assets on the market: Dole Food of the US, the world's largest trader and marketer of fresh fruit and vegetables, is already looking for a buyer. Its parent, Castle & Cooke of Los Angeles, put Dole up for sale in February 1990. If Del Monte had to be sold quickly, few analysts think it would fetch much more than £400m, and some are prepared to talk of £300m. The US and European food distributors could fetch another £70m.

● The easiest operations to sell would be the larger electronics companies. Vestel Elektronik, 82 per cent owned by Polly Peck, made pre-tax profits of £7m last year and £18.9m in the first half of this. Exports are making up the bulk of the growth and should attract the interest of foreign companies.

Analysts say that Thomson Consumer Electronics of France is a possible buyer. Thomson subsidiary Videocolor entered into a joint venture with Polly Peck in March for the erection of a colour television tube factory near Istanbul. Analysts are putting Vestel's likely value at about £200m.

● Polly Peck's 72 per cent stake in Sansui of Japan is thought to be worth another £220m. This estimate is after Sansui shares fell by Y100 to Y475 on the Tokyo Stock Exchange yesterday on the news that Polly Peck was seeking administrators.

London analysts are impressed by the fact that Japanese companies command high multiples, and say that the injection into the company of Capetronic and Imperial have taken the company into profit this year.

● The 409-room luxury Sheraton Voyager hotel in the Turkish Mediterranean resort of Antalya cost more than £50m to build. Analysts suggest in may fetch between £30m and £35m.

● Valuations of Cypriot hotels are dogged by political uncertainty and the difficulties of repatriating payment. For the same resons, some analysts leave the huge Turkish/northern Cyprus fruit businesses out of their valuations entirely. These assets' value had been estimated at up to £500m.

● A few million pounds may be raised from the sale of the loss-making Russell Hobbs Tower electrical hardware brand and the Pizza Hut franchise in Turkey.

● Most of the £200m-plus difference between the company's gross debt of about £1.3bn and the net debt figure is cash deposits with banks in northern Cyprus.

In the words of one analyst: "The northern Cyprus banking system is not the most liquid in the world." If the administrators do manage to recover these deposits, the process is likely to take months rather than days.

At worst, therefore, the total value of the assets is estimated at about £750m, which would leave shareholders, and not a few creditors, out of pocket.

In the best case — now rather less likely than a month ago — the estimated value of the assets remains about £1.7bn. Analysts insist that their estimates are largely based on flexible multiples of unverifiable profits estimates. And any price, they point out, is only what a buyer is prepared to pay.

Polly Peck is not in liquidation, however, so sales are not inevitable. If anything goes, however, the City consensus is that it is likely to be Del Monte Fresh Fruit, Vestel or Sansui.

Labour makes a fresh plea for full inquiry

By Philip Stephens, Political Editor

THE LABOUR Party renewed its call yesterday for a full investigation into the collapse of Polly Peck as some Conservative MPs voiced concern that the losses faced by shareholders might rebound on the Government.

Mr Gordon Brown, Labour's shadow trade and industry spokesman, said that the Department of Trade and Industry should launch a full inquiry into the events leading up to this week's administration order.

The DTI has so far resisted any such inquiry, arguing that the matter was in the hands of the Serious Fraud Office, but Mr Brown said that the affair raised much wider implications than those being looked at by the SFO.

He said that it had had significant implications for the regulatory framework for the City and for the relationships between shareholders and the boards of public companies.

His comments came amid fears being voiced by some Conservative MPs that the losses faced by individual shareholders in Polly Peck could eventually have an impact on the Government.

There was little evidence of immediate political fall-out yesterday, with ministers taking a low-key approach to the affair.

Some Labour MPs were also acknowledged privately that as the administration order had not resulted in immediate large-scale redundancies in Britain the political sting had gone out of the affair.

But with the collapse of the investment company Barlow Clowes still relatively fresh in political memories, some Conservatives were privately voicing concern about the implications for the Government.

One senior MP commented: "I do not know whether the authorities or the DTI should have acted earlier, but we need to be sure early on that the blame is not going to fall on us further down the road."

Mr Anthony Beaumont-Dark, the Conservative MP for Selly Oak, echoed Labour's call for a full investigation by saying that DTI inspectors should be sent in to Polly Peck to ascertain exactly what had happened.

Others acknowledged that the affair would lend strength to Labour's persistent claim that the Government had taken a lax approach to City regulation. Mr Brown has called for the existing self-regulatory system in financial markets to be replaced by a US-style SEC with statutory backing.

Small shareholders express frustration

By Andrew Jack

WHETHER THEY bought into Polly Peck early or late in its spectacular decade-long performance, individual shareholders were last night expressing frustration and anger at events over the past few weeks that have wiped out their investment.

"I'm quite infuriated by what has happened," said Mr Richard Kite, a pensioner who holds about 3,500 Polly Peck shares. "I have been deeply concerned for weeks now. It appears the small shareholders are pawns in the system."

"But this was a first class investment that crashed," he said. "The potential looked very good when I bought them in May. I paid a reasonably high price and sold very good shares to buy these."

Only 6 per cent of the company's shareholders were individuals, according to the company's 1989 annual report. But they ran the gamut from English pensioners to people close to President Turgut Ozal of Turkey.

The company's collapse has stung rich investors as well as poor. "I have seen the company rise over the 1980's to enter the Footsie index, and collapse with even more rapidity than it rose," said Mr Brian Beazer, the wealthy chairman of Beazer, the building and development company. He was "obviously deeply disappointed," but had left his investment decisions to his advisers.

"I feel so sad about the whole business," said one pensioner, over half of whose portfolio was in Polly Peck. "I held the investment for so long. I kept the faith and never traded. I was interested in a rags to riches story. I am still hoping that they can salvage something."

"I don't play the market, and I realise that investments can go down as well as up," she added. "But the change was so dramatic, I truthfully didn't think this would happen."

She said she still had faith in Mr Asil Nadir. "He seems a very nice man, and I admire the fact that he is a workaholic. But I feel very disappointed with the non-executive directors," she said. "They are the guardians of the shareholder, yet we haven't had any communication with them at all."

One city financier who sounded very tired and confused by the Polly Peck fiasco added: "I bought the shares some years ago, knowing they were risky. I really don't know what's going on. I still think in a year's time the cash flow will probably cover its loans. It's all extraordinarily messy. Reports and accounts should carry health warnings on them."

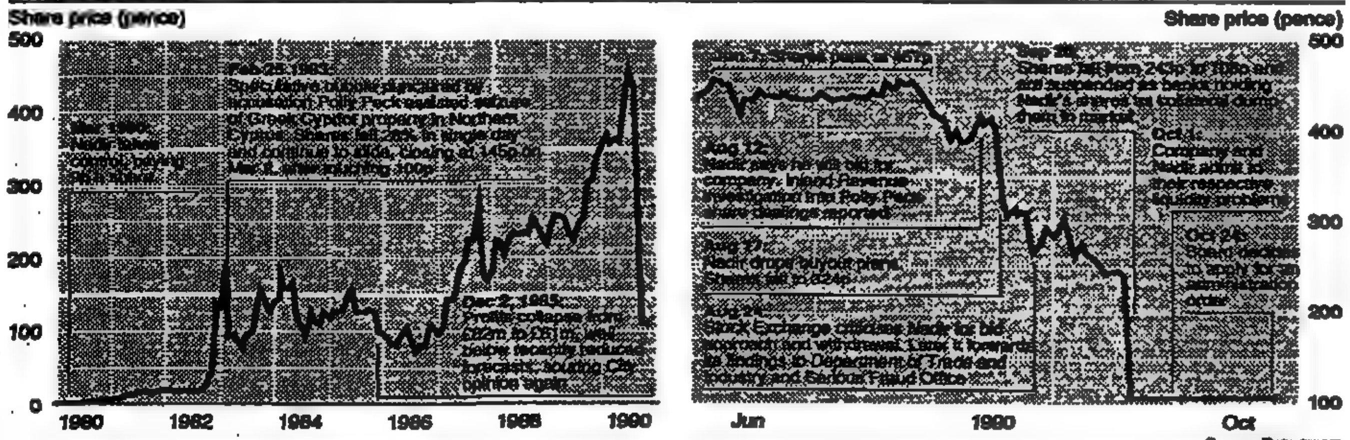
"I don't mind losing money on the stock market," said Mr Kite. "The big institutions can take the loss on the chin, but I am retired and can't afford it. I believe the board has not been open. There has been no communication with shareholders."

"I feel so isolated," said Ms Violet Goff, who, as a member of a local investor club, bought shares in Wearwell, which reversed into Polly Peck in 1980. She has spent some £4,000

"Nobody tells us anything," she said. "The shareholders lent money to the company, so we should have some say. Someone should encourage a meeting of shareholders to take place. We are the ones who are the real losers."

"Suddenly you find yourself absolutely isolated," she added. "You can't talk to your ordinary friends: they cannot understand and do not even sympathise."

Polly Peck - Shareholders' wild ride



Maximum fall for Sansui on Tokyo SE

By Ian Rodger in Tokyo

SHARES OF Sansui, the Japanese consumer electronics subsidiary of Polly Peck International, plunged Y100 to Y475 on the Tokyo Stock Exchange yesterday, the maximum one-day fall permitted under exchange rules, in reaction to the news of its parent company being put into receivership.

Polly Peck holds 72 per cent of Sansui's shares. It bought a majority interest in the troubled audio equipment specialist early this year and subsequently injected two of its profitable subsidiaries, Capetronic and Imperial, into Sansui.

The only concern, 'was whether the bankruptcy would have any impact on the confidence of the technical and marketing communities'

At the closing price, Sansui is valued at about Y77bn (£306m), valuing Polly Peck's stake at £220m.

Mr Koichi Enomoto, a director of Sansui, said yesterday that Polly Peck's failure should not haveany influence on his company.

There were no trading relations between them and Sansui was now, because of the injection of Capetronic and Imperial, on the way to becoming profitable after four years of losses. It was able to look after its own capital needs.

Moreover, the companies had independent marketing channels. Imperial's main markets were in Italy and Germany while Capetronic's were in the US and western Europe.

The only concern, Mr Enomoto said, was whether the bankruptcy would have any impact on the confidence of the technicaland marketing communities on which Sansui depends.

He also doubted that the shares would fall their full limit again today.

Approximately 470,000 shares traded hands yesterday before the limit was reached, but at that point sell orders for only10,000 more were outstanding.

Insolvency barons enter the fray

WHENEVER THE economy enters a recession, the insolvency barons come into their own. Polly Peck's three administrators, Mr Michael Jordan, Mr Richard Stone and Mr Christopher Morris, are already prominent, writes Emma Tucker.

Mr Morris, 48, described by one colleague as "a cool customer" and by a newspaper profile as "slightly foppish", is head of insolvency at Touche Ross. He is best known for his work on Laker Airways, where he was liquidator in 1982.

He pursued Laker's airline rivals, arguing that their behaviour had forced Laker out of business. Following out-of-court settlements, he was able to find enough money to pay back each of Laker's 14,500 ticket holders, nearly all of the creditors and — according to a Touche Ross colleague — even had some left for Freddy Laker, head of the airline.

Mr Morris became a liquidator after qualifying as a chartered accountant in 1967. Other liquidations to his credit include IOS and Banco Ambrosiano. This year Mr Morris has tackled Rush & Tompkins as joint receiver of the failed development group.

His sense of humour, say his rivals, verges on the rumbustious. Mr Jordan has, according to Mr Nigel Hamilton of Ernst and Young, a more sardonic wit.

Mr Jordan, 58, is the chairman and senior partner of Cork Gully, the insolvency arm of Coopers & Lybrand Deloitte.

He has recently taken over from Sir Kenneth Cork as elder statesman of the insolvency profession.

His track record includes Barlow Clowes, where he was joint liquidator, the Isle of Man Savings and Investment Bank, Learfan, Acrow, and Norton Villiers Triumph.

He started practice as an accountant in Cardiff but moved to London to head an insolvency firm that eventually merged with Cork Gully.

A few eyebrows were raised over the appointment of the third administrator, Mr Stone, who as one rival put it "has been out of the insolvency world for a while."

Mr Stone generates few anecdotes — Mr Hamilton describes him as "serious and rather good at his job." At 47, he is head of corporate finance at Coopers & Lybrand.

Mr Stone qualified with Cork Gully in 1968, but left almost immediately to join Outwich, a South African investment bank. In 1974 he returned to Cork Gully and became a partner in Coopers & Lybrand when the two merged in 1980.

Like Mr Jordan, he played a leading role in the winding up of Norton Villiers Triumph, the motorcycle manufacturer.

He has a reputation for being able to turn a troubled company around, deriving from his insolvency work in the Midlands during the manufacturing recession of the early 1980s.

Trevor Humphries

Christopher Morris: also tackled Rush & Tompkins

'Achievable survival' behind court order

By Raymond Hughes, Law Courts Correspondent

A HIGH court judge yesterday made an administration order against Polly Peck International after being told that it was the company's best hope of survival.

The order had been sought by the company's directors, backed by a large body of creditors. Their barrister told the court they believed that "survival is achievable".

Three highly experienced insolvency accountants were appointed to take charge of the company. They were Mr Michael Jordan and Mr Richard Stone of Coopers & Lybrand Deloitte and Mr Christopher Morris of Touche Ross.

Mr Jordan and Mr Stone will be responsible for the general administration. Mr Morris's function will be to handle any claims made against Mr Nadir personally.

The only hiccup in yesterday's proceedings concerned the identity of the administrators. Originally the Polly Peck directors had suggested Mr Robin Addy of Coopers as the third member of the team.

However, as Mr Simon Mortimore, counsel for the directors explained to Mr Justice Morritt, it had been discovered that Coopers acted as Mr Nadir's personal tax accountants.

"This was something my clients did not know about until this morning, and it does not seem to have been appreciated by the suggested administrators.

"At the moment there is nothing in the evidence to suggest there is any claim against Mr Nadir, although it is perfectly possible there may be. It is also perfectly possible, although there is no evidence, that Mr Nadir may be the subject of a report in relation to directors' disqualification — but that is pure speculation."

The solution suggested by the directors was to substitute a wholly-independent accountant, Mr Peter Phillips of Buchler Phillips for Mr Addy, Mr Mortimore said.

However, Mr Christopher Brougham, QC, for National Bank of Canada, which earlier this week filed a petition for the compulsory winding-up of Polly Peck, was not happy with that.

He said that any potential claims against Mr Nadir personally might have "an international flavour or ramifications" requiring an independent administrator from an accountancy firm with an international practice and facilities.

Mr Brougham suggested that Mr Christopher Morris fitted the bill better than Mr Phillips. He stressed that that was no reflection on Mr Phillips' ability or integrity.

Mr Justice Morritt agreed that the possibility of claims against Mr Nadir personally made it essential that there be an independent administrator with no conceivable conflict of interest and with the appropriate background support to enable him to pursue any claim.

Mr Mortimore, whose plea for an administration order was also supported by three syndicates of banks, owed $93m, and UK agents for £250m worth of Swiss bondholders, had told the judge that it was "absolutely vital" that an administration order be made to ensure the company's survival.

It was suffering a loss of confidence which had led to demands from some banks.

The company had a substantial net asset balance, though that lay in subsidiaries. What it suffered from was a cash flow problem, but with the period of calm that would follow an administration, and the involvement of professional accountants, it was hoped that claims could be rescheduled and the company restored to life.

Mr Mortimore said the directors were not thinking only of creditors: there were some 23,000 shareholders, many of them members of the public, and about 17,000 employees worldwide, with some 1,200 in the UK.

Making the order, and dismissing National Bank of Canada's winding-up petition, the judge said the evidence was that liquidation of the company could give rise to a deficiency with regard to creditors of £384m.

By contrast, the belief was that the protection provided by an administration order, and some re-financing, would mean creditors could in time be paid in full and a surplus of about £300m provided for members.

Mr Jordan said after the hearing that the order had removed the uncertainty. "We now have time to sort out the company and group problems and assess the position worldwide and look how best we can make sure it survives.

"Time will tell whether the creditors can be paid in full and whether there is sufficient money left for shareholders."

He said he hoped the administrators would get Mr Nadir's co-operation because they needed his help.

UK COMPANY NEWS

N Brown rises to £5.5m and aims to cut gearing

By Andrew Hill

N BROWN GROUP, the mail order company, pushed up profits by 6 per cent in the first half of 1990-91 in a difficult economic climate.

Pre-tax profits rose from £5.19m to £5.51m in the 26 weeks to September 1, but home shopping operating profits increased by 12.5 per cent to £8.03m (£7.14m).

However, overall net profits were held back by the financial and property division. Operating profits from the chartered surveying and fund management subsidiaries came down from £630,000 to £356,000 in the first half, but that marked a recovery from the second half of last year when it lost roughly the same amount.

Group turnover rose from £56.72m to £63.1m and earnings by 9 per cent to 6.23p (5.7p). An increased interim dividend of 1.65p (1.575p) is declared.

Brown also announced that it was aiming to reduce borrowings and encourage employee loyalty by forming an employee share ownership trust. The trust would subscribe for 4.25m new ordinary shares – about 6.6 per cent of the enlarged capital – at market value.

At yesterday's closing share price of 163p, up 5p, that would raise nearly £7m, reducing gearing from 144 per cent at the year-end in March to about 100 per cent.

The company is owed about £55m by customers – compared with borrowings of some £50m – but Mr Jim Martin, managing director, pointed out yesterday that this was spread between 750,000 clients, owing an average of £65 each.

Brown specialises in catalogues aimed at women aged over 50. But it has recently expanded its range with a catalogue, called Candid, for women in their 40s – a growing market.

Mr Martin said the launch of the catalogue had little or no adverse impact on the pre-tax profit line. He added yesterday: "We are entering a more competitive market, but by grafting new catalogues on to an existing infrastructure."

Trevor Humphries

Jim Martin, managing director (left) and Alan White (finance director). Taking company into a more competitive area by grafting catalogues onto infrastructure

Sir David Alliance, Brown's chairman, and his family, control about 60 per cent of the company.

● COMMENT

Brown's time may be about to come. Baby-boomers are growing older and by launching the Candid catalogue the group hopes to recruit them early. It claims the risk is minimal, and at the same time it can look for small acquisitions among its ailing competitors – waiting until the receivers are called in and simply adding client lists to its own all-important database.

Financial and property acquisitions in 1986 and 1987 were undoubtedly ill-judged. But if Brown has taken the right cost-cutting measures the division can probably be ignored until the market perks up, and then sold.

The company is set to open a centralised warehouse near Manchester in 1991, and although there are still exceptional costs to bear, Brown could make about £14m this year, putting the shares on a solid prospective p/e of about 10.5.

NEWS DIGEST

Benson falls into £3.7m loss

PRE-TAX LOSSES of £3.74m compared with profits of £630,000 were announced by Benson Group for the year to May 31.

Mr JR Phillips, who became chairman in May, said that during the last six months significant changes had been implemented as a result.

The bulk of the loss arose in the agricultural division, he said, where costs ran out of control against a background of poor sales. The agricultural manufacturing activity will be closed.

The heating division suffered from another mild winter. Although the loss-making Reaves Industrial Furnaces was sold during the year it was too late to affect the results materially in the engineering division in a positive way.

Turnover fell to £12.06m (£15.39m) and gross profits were £1.78m (£3.75m). The taxable loss came after distribution and administrative costs of £3.49m (£2.86m).

Losses per share worked through at 11.01p (2.74p earnings) and there is no dividend proposed (0.7p).

41% drop to £1m at Airflow Streamlines

Taxable profits at Airflow Streamlines, the cab manufacturer and motor dealer, tumbled by 41 per cent from £1.72m to £1.01m in the six months to August 31.

The company said that in the manufacturing division demand for cab assemblies had fallen and costs had risen. These factors had adversely affected the production division and Whiteleys. Other divisions had performed satisfactorily.

Turnover slipped from £35.35m to £33.1m and earnings were down at 7.38p (12.74p) per share. The interim dividend is maintained at 2p.

Acquisitions help UDO advance 32%

Continued growth through acquisition helped UDO Holdings, the Slough-based drawing office equipment and reprographic services group, lift profits 32 per cent in the year to July 31.

Included in the £10.36m (£7.86m) taxable result was a £555,000 exceptional credit – the gain on the sale of part of the freehold site at Colnbrook.

Mr Mike Wright, chairman, said margins had improved, reporting and management systems were very efficient and the group had a strong balance sheet with substantial cash.

Turnover rose only slightly, to £62.7m (£61.05m). Mr Wright said this reflected the policy to reduce sales abroad where margins were unacceptable and the expiration of the remaining fixed-price contracts to which the group, through its acquisitions, had been committed.

A recommended final dividend of 3.24p makes a 4.59p (3.4p) total. Earnings per share improved from 18.2p to 23.4p.

Chelsea Artisans returns to black

Chelsea Artisans, the Third Market-traded maker of mirror, marble and glass cladding products, returned to the black in the first half of 1990.

Pre-tax profits of £40,000, compared with losses of £395,000 in the corresponding period and a deficit of £61,000 in the year to December 31 1989.

The outcome was struck on turnover up 69 per cent to £1.89m (£1.12m) and after capitalising £447,000 of development expenditure on the chromatics process.

Earnings per share worked through at 1.8p (losses 20.1p).

Pegasus loses altitude

Increased spending on research and development reduced taxable profits at Pegasus Group, the USM-quoted computing services company, in the year to July 31. The outcome of £2.55m compared with £3.08m last time.

Directors decided to raise R&D spending by £520,000 to £1.33m to increase market share by benefiting from the diminishing competition. To reflect confidence an increased final dividend of 8.6p is proposed, for a total of 12.1p (11.2p).

Group turnover for the 12 months rose to £13.04m (£10.87m). Mr Derek Moon, chief executive, said that annual growth in revenue from software was only 4 per cent at the year end. Increased marketing activity intended to deal with this included the launch of new and updated products.

At the year-end, the distribution division of Sphinx, the Unix acquisition which lost £277,000 in the first half, was disposed of.

Mr Moon said cash balances had risen by £800,000 since the year end and now stood at £3m. Earnings per share came through at 30.4p (36.7p).

Ramar Textiles recovers to £1.12m

Ramar Textiles recovered from its midway losses of £252,000 to report taxable profits of £1.12m for the 13 months to June 29.

However, directors said that in view of continuing high interest rates and uncertain trading conditions in the retail sector, they had decided to cut the dividend by 0.75p to 1p.

The 34 per cent profits advance from £837,000 previously was achieved on turnover little changed at £25.92m (£24.68m). Exceptional income of £461,000 represented settlement of the claim in respect of the factory fire in 1988. This offset sharply higher interest charges of £1.13m (£764,000).

Mr Colin Radin, chairman, said manufacturing activities in China had produced some £4m of turnover of high quality silk garments in the period. In the current year sales in the region of £8m are expected from China.

Petrocon gains 51% to £769,000

Petrocon Group, the engineering and survey company, raised taxable profits by 50 per cent from £511,000 to £769,000 for the six months to June 30.

Turnover was up 25 per cent at £5.7m (£4.56m). An extraordinary charge of £248,000 related to investigations into potential acquisitions and the closure of the fittings business in Leeds. Tax took £269,000 (£179,000).

The businesses of Gorseline and Clyde Surveys have been integrated into the surveying and cartographic division. The engineering and distribution division had also been expanded with acquisitions of Doows Engineering and May and D&S Pipelines in August.

Earnings per share increased to 2.31p (1.85p) and the interim dividend is raised 25 per cent to 0.625p (0.5p).

Overseas Investment Trust nav dives

Net asset value of Overseas Investment Trust stood at 213.7p at September 30 1990, compared with 313.4p a year earlier.

Net revenue worked through at £1.23m (£1.15m) for earnings per share of 3.23p (3.06p). An increased final dividend of 1.65p (1.45p) is proposed, making a total of 2.4p (2.15p).

Gross revenue was little changed at £2.62m (£2.65m). Interest took £182,000 (£383,000) and administrative costs £574,000 (£495,000). Tax was £639,000 (£621,000).

Nav down 20% at Scottish Mortgage

Net asset value of The Scottish Mortgage & Trust stood at 184.6p as at September 30 1990 – a decline of some 20 per cent on the comparable 168.7p of September 1989 and of 18 per cent on the 163.8p at March 31 this year.

Earnings per share emerged at 2.2p (2.16p) for the six months to end-September, on net revenue ahead from £7.79m to £8m. The interim dividend is raised by 0.15p to 1.25p.

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UK COMPANY NEWS

Mackenzie quits as finance director of Storehouse

By Maggie Urry

STOREHOUSE, the retail group, has announced that Mr Bob Mackenzie, its finance director, has left the company with immediate effect.

The announcement is particularly embarrassing for Storehouse, since Mr Mackenzie was appointed only a year ago.

The shares dropped sharply on the news, though recovering to close only 7p lower at 135p.

The bluntness of Storehouse's statement, without the usual euphemisms, suggests a serious breach between the board and Mr Mackenzie.

Since Mr Michael Julien joined Storehouse as chief executive in June 1988 every director who was on the board when he arrived has left.

Last week Sir Terence Conran, who had been chairman until May, resigned as a non-executive director. Mr Julien has been active in hiring directors and shaking up the senior management. Mr Mackenzie was one of Mr Julien's appointments.

Analysts said yesterday that it was difficult to view Mr Mackenzie's departure as anything but negative, as it called Mr Julien's judgment in hiring Mr Mackenzie into question.

Bob Mackenzie: serious breach with the board suggested

When asked about possible compensation for loss of office, Storehouse said it did not intend to pay Mr Mackenzie any, although it admitted that he might sue for wrongful dismissal. Mr Mackenzie was on a three year contract and was paid £180,000 a year.

Storehouse, which operates the BhS, Mothercare, Habitat and Richards chains, has seen its profits fall sharply in recent years. It is due to report interim profits on November 8 which are expected to show a further decline compared with the same period last year.

The group said yesterday that Mr Mackenzie's departure was not related to either these figures or the group's finances.

The group's balance sheet has been strengthened by disposals and cut backs in capital spending and last month it bought £40m worth of its convertible bonds in the market for cancellation.

Mr Mackenzie, who is 37, was previously with Hanson, working at its Imperial Tobacco subsidiary.

Until a replacement is found for him Mr David Thomson, group financial controller, would report directly to Mr Julien. Mr Julien's own background is in finance.

MMC to probe sale of Signet to French

By David Barchard

MR PETER LILLEY, the Trade and Industry Secretary, has referred the possible purchase of Signet, the Southend-based credit card processing operation, by Sligos of France to the Monopolies and Mergers Commission.

Sir Gordon Borrie, the Director General of Fair Trading, to whom the sale was referred in August, had ruled that the merger did not need a referral to the commission.

The DTI said yesterday that Mr Lilley considered that there were serious issues of public interest in allowing the largest third-party processor of credit cards and other payment cards to come under the control of a state-owned company.

Mr Lilley's objection is based on the fact that Sligos is owned by Credit Lyonnais, a French public sector bank.

Signet, which mainly produces credit cards carrying the Access-brand, was placed on the market by its owners – National Westminster, Midland, Lloyds and Royal Bank of Scotland – earlier this year.

Two possible purchasers – Sligos and First Data Resources of the US, the card processing arm of American Express – were identified in the summer and their names were submitted to the Office of Fair Trading.

It is understood that no decision has yet been taken about which company will be selected as the purchaser.

Whichever company is selected, the sale will have important repercussions for the British and European card processing markets. Signet was originally intended to provide only in-house services for its owners, but now operates as a business in its own right.

Last year it expanded its operating capacity to enable it to handle credit card transactions in Europe as well as the UK and in currencies other than sterling.

Exports help B Elliott improve 9% to £3.33m

By Richard Gourlay

B ELLIOTT, the machine tool and engineering group, yesterday reported a 9 per cent increase in interim pre-tax profits to end-September, following a deterioration in trading conditions in the UK and South Africa.

The increase from £3.05m to £3.33m was achieved on turnover up 30 per cent from £50.93m to £66.2m. This reflected a slight slip in margins, but also increased sales from acquisitions made since the last period, said Mr Michael Frye, chairman.

Trading in South Africa, which provided the bulk of profits before Elliott's restructuring three years ago, only provided about 15 per cent of pre-tax profits.

The machine tool manufacturing business was hit by poor economic conditions, but exports increased with strong orders from Germany and Japan. This area accounted for about 5 per cent of profits from 30 per cent of turnover.

During the year Elliott bought Garryson, a maker of cutting and abrasive tools for £2.1m and a vendor placing of 2.69m shares at 78p. The acquisition came too late to affect sales or profits, Mr Frye said.

The interest charge fell 5 per cent to £969,000 over the period. Mr Frye said gearing fell slightly at the interim stage to about 50 per cent, a level that was traditionally high following the summer, but would fall to below 20 per cent by the year-end, excluding acquisitions the group was planning to make.

Mr Frye said the group was relatively well protected from the recession.

The dividend was maintained at 1.25p and the shares closed unchanged at 78p.

GrandMet completes EC drinks network

By Philip Rawstorne

INTERNATIONAL Distillers & Vintners, the drinks division of Grand Metropolitan, yesterday filled the last gap in its European Community distribution network with the acquisition of Anglo Española de Distribucion (AED), a Spanish distributor.

The price was not disclosed but industry estimates suggested it was about £100m.

AED has been IDV's agent in Spain for 27 years, distributing, among other brands, J & B Rare Scotch whisky, the market leader, and Baileys Irish Cream liqueur.

Mr Colin Gordon, chairman of IDV Europe, said yesterday: "AED has been enormously successful in building our brands in Spain. Its acquisition puts in place the last major piece in our European distribution network in preparation for 1992."

Mr Rafael Perez-Ullivarri, managing director of AED, will become honorary president of the company and will join the board of IDV Europe as a non-executive director.

Mr Jean d'Amecourt, currently international director IDV, will take over as managing director of AED.

Static performance at Ferguson International

By Maggie Urry

INTERIM PRE-TAX profits barely higher at £6.3m were announced by Ferguson International Holdings, the packaging, printing, and cable television group which earlier this year changed its name from Ferguson Industrial Holdings.

Although continuing businesses pushed up trading profits by 6.2 per cent to £7.6m in the six months to August 31, companies sold during the period contributed only £65,000 against a previous £565,000, leaving group trading profits marginally down at £7.7m. Turnover was 1.8 per cent [illegible] at £72m, although [illegible] continuing activities rose [illegible].6 per cent to £71.2m.

Mr Denis Cassidy, chairman since March, said the company had to be cautious given the economic outlook, but the group's spread of activities "has enabled us to reduce the impact of the increasing economic uncertainty."

The packaging and labels business aimed at retail customers – accounting for 55 per cent of turnover – had held up in spite of the difficult retail climate, he added.

Profits would have been higher but for the Hong Kong label business, acquired at the end of 1988. This had made a good contribution in the first half of 1989-90, but had only broken even in the latest half year, partly because one major account representing 20 per cent of the business had been lost.

In the communication systems area the printing business was affected by the dollar/sterling exchange rate. The small publishing division increased its contribution.

After tax and an extraordinary write off of £277,000 relating to the sale of the South African printing company, earnings per share excluding profits on sales of investments were 11.8p (11.6p). The interim dividend is unchanged at 4.25p.

● COMMENT

Outward signs of change at Ferguson are restricted to the name and the management. Profits stay the same and look set to do so again this year, to make a third year on the £13m pre-tax plateau. Part of the problem has been the need to replace sizeable investment profits – which were £1.4m in the 1988-89 figures. And a static profit performance is not quite so shaming, given what is happening elsewhere in the stock market. However, the group still needs to do more refocusing of its businesses. Even with gearing falling towards 50 per cent in the second half the group has more to do than it can cope with financially. And questions are raised about its ambitious plans overseas after the Hong Kong episode. The shares have been dull performers for three years, since bid speculation faded. If profits edged up from the £13.1m last time the p/e is not high at 7 but not worth chasing either until there are firmer signs of improvement.

Cadbury Schweppes returns to US to raise $175m

Cadbury Schweppes, the soft drinks and confectionery group, is returning to the US auction preferred share market with a $175m (£89.3m) issue, writes Maggie Urry.

In June this year it raised $115m via perpetual preference share issues in the US and Canada.

This form of finance has been increasingly popular with UK companies, which see the paper as quasi-equity, allowing them to use the proceeds to pay off conventional debt.

Cadbury's latest issue, privately placed with US, Canadian and UK investors, will be divided into four tranches, three of $45m and one of $40m. These will each have their dividend rates refixed every 28 days through an auction, with one tranche falling due each week. The earlier issue refixed its dividend rate every five years.

Initially two of the four tranches will have a dividend rate of 6.55 per cent on an annual basis and the other two of 6.6 per cent. Cadbury's agreed a maximum rate at which the dividend can be set if the auction system fails, which is based on a formula relating to the paper's credit standing.

SCOTTISH & NEWCASTLE BREWERIES PLC

(Incorporated and registered in Scotland)

Notice of Offer to the holders of shares and Sterling bonds and Guilder bonds convertible into shares of

CENTER PARCS N.V.

(Incorporated and registered in The Netherlands)

Scottish & Newcastle Breweries plc announces that holders of:—

(1) shares of NLG 1 each in Center Parcs N.V. or depository receipts of such shares;

(2) 3.75% Guilder Convertible Subordinated Bonds 1986–1992/2001 of Center Parcs N.V.; and

(3) 5.75% Sterling Guaranteed Convertible Subordinated Bonds 1988 due 1998 of Center Parcs U.K. PLC

are invited to apply to sell their shares and/or bonds, by accepting the offer made by it on the terms and conditions set out in the Notice of Offer dated 26th October, 1990.

Copies of the Notice of Offer, resumés (including an application form) and deeds of transfer may be obtained at Algemene Bank Nederland N.V., Herengracht 597, 1017 CE Amsterdam, The Netherlands or at Morgan Grenfell & Co. Limited, 23 Great Winchester Street, London EC2P 2AX, England.

Applications should be lodged by not later than 15.00 hours precisely Amsterdam time on 20th November, 1990, at any office of Algemene Bank Nederland N.V. in The Netherlands.

Members of the Amsterdam Stock Exchange may only apply at the head office of Algemene Bank Nederland N.V. in Amsterdam.

This advertisement is issued by Scottish & Newcastle Breweries plc and has been approved, solely for the purpose of section 57 of the Financial Services Act 1986, by Morgan Grenfell & Co. Limited, a member of The Securities Association.

Edinburgh, 26th October, 1990

Scottish & Newcastle Breweries plc

CENTER PARCS N.V.

(Incorporated and registered in The Netherlands)

Notice of Informative Meeting

An Informative Meeting of Center Parcs shareholders will be held on Monday, 12th November, 1990 at 15.00 hours at Party & Congres Centrum Engels, Stationsplein 45, Rotterdam. Holders of the bonds are invited to attend this meeting and will be admitted in person or by proxy (upon presentation of a proxy in writing) upon presentation of a certificate of deposit confirming the deposit of their bearer bonds (on or prior to Friday, 9th November, 1990) with any one of the following Dutch banks: Amsterdam-Rotterdam Bank N.V., Bank Mees & Hope N.V., Credit Lyonnais Bank Nederland N.V., NMB Postbank Groep N.V. (in each case in Amsterdam), Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (in Utrecht) or F. van Lanschot Bankiers N.V. (in 's-Hertogenbosch).

Rotterdam, 26th October, 1990

Center Parcs N.V.

NOTICE OF REDEMPTION

Kingdom of Denmark

U.S.$100,000,000

11% Series A Notes due November 29th, 1995

NOTICE IS HEREBY GIVEN that pursuant to Paragraph 5(b) of the terms and conditions of the above-mentioned Notes, that the Kingdom of Denmark (the "Kingdom") has elected to redeem on 29th November, 1990 (the "Redemption Date") all of its outstanding U.S.$100,000,000 11% Series A Notes due November 29th 1995 (the "Notes") at a redemption price equal to the principal amount thereof plus interest accrued to the Redemption Date. On and after the Redemption Date, interest on the Notes will cease to accrue.

The Notes should be presented and surrendered to the paying agents as shown on the reverse of the Notes on the Redemption Date with all interest coupons maturing subsequent to said date.

Coupons due on 29th November 1990 should be detached and presented for payment in the usual manner.

26 October, 1990

By Citibank, N.A. (CSSI Dept.)

London Principal Paying Agent

CITIBANK

Ramar Textiles plc

MANUFACTURERS AND DISTRIBUTORS OF LADIESWEAR

Preliminary Results

Audited Results for the thirteen month period to 29 June 1990

	1990 £000	(12 months) 1989 £000
Turnover	25,923	24,682
Profit on ordinary activities before tax	1,124	837
Earnings per share	5.75p	4.06p
Dividend per share	1.00p	1.75p

Extract from the Chairman's Statement:

Results

The Group achieved an operating profit of £1,794,000 on marginally increased turnover. The profit before tax was assisted by exceptional income of £461,000 which was the balance, after charging associated costs, of the settlement awarded in respect of our consequential loss insurance claim relating to the factory fire suffered in 1986. This more than compensated for significantly higher interest charges incurred due to the increases in base rate and high stock levels carried as a result of the general malaise affecting the High Street.

In view of the downturn in the retail sector, the board has taken the decision to concentrate on the Group's core business of manufacturing in both the United Kingdom and the Far East. Thus the retail outlets and specially packaged lingerie promotions activities were discontinued during the period with a net extraordinary loss of £572,000.

Given continuing high interest rates and the uncertain trading conditions in the retail sector the board proposes a reduced dividend of 1p per share. The possibility of an interim dividend will be reviewed if the first half performance justifies it.

Trading and Prospects

Manufacturing in China has developed exceptionally well with some £4m of high quality silk garments produced in the period. Strong growth is anticipated in this market and sales are expected to reach £8m in the current year.

The first three months of the current financial year have seen sales increase by more than 25% and our order books, both for the United Kingdom and China production, are such that we are confident that we will maintain this growth throughout the rest of the financial year.

Colin Radin, *Chariman*

1990 Nine Months Results

Summary

Group profit before tax of £893m in the first nine months of 1990 was £338m below the record performance in the first nine months of 1989 due to severe competitive pressures and weakening markets.

	Nine Months 1990 £m	Nine Months 1989 £m
Turnover	9,819	9,854
Profit before taxation	893	1,231
Earnings per £1 Ordinary Share	81.1p	108.3p

A summarised profit and loss account is given in the second table below.

Nine Months

Group turnover in the first nine months was comparable with the same period in 1989.

In the Consumer and Specialty Products segment, trading profit increased by £48m to £504m due to continuing strong growth in Pharmaceuticals and an encouraging performance from Paints in a difficult economic climate. Adverse market conditions affected the performance of the Other Effect Products.

In the Industrial Products segment, trading profit fell from £642m to £275m. In early 1989 the Petrochemicals and Plastics and General Chemicals businesses were very buoyant but in 1990 margins were eroded in weak market conditions. The hike in oil prices caused by the Gulf crisis increased the energy and raw material costs of these businesses from September onwards; although chemical prices are beginning to respond, so far this has been inadequate to recover the additional costs.

In the Agriculture segment, trading profit decreased by £12m to £133m. Agrochemicals experienced adverse weather effects towards the end of the season.

The results for the nine months take no account of the proposed purchase of the remaining 50% shareholding in Tioxide Group PLC.

The following table provides financial highlights for 1989 and for the first three quarters of 1990.

	Turnover	*Profit Before Tax*	*Earnings per £1 Ordinary Share*
1989	*£m*	*£m*	*pence*
1st Quarter	3,210	442	39.2
2nd Quarter	3,432	483	42.8
3rd Quarter	3,212	306	26.3
4th Quarter	3,317	296	26.7
Year	13,171	1,527	135.0
1990			
1st Quarter	3,454	414	38.1
2nd Quarter	3,369	319	29.3
3rd Quarter	**2,996**	**160**	**13.7p**

Third Quarter

Profit before tax of £160m in the third quarter of 1990 was half the level of the corresponding period in 1989. Trading profit in the Industrial Products segment was down £127m because of increased costs and competitive pressures. Weaker market conditions also depressed the results of related companies.

Taxation

The tax charge for the first nine months of the year amounted to £307m, representing an effective tax rate of 34.4%, and comprised UK corporation tax of £85m (1989 £159m) and taxation in respect of overseas and related companies of £222m (1989 £280m).

Extraordinary Items

Extraordinary items in 1990 comprise:

- A gain on disposal of the investment in Enterprise Oil plc amounting to £520m net of tax. This gain represents the difference between the proceeds of disposal and the holding value of the investment which had been reduced by £134m to reflect ICI's share of goodwill adjustments to reserves made in the accounts of Enterprise Oil plc.
- Provisions for losses on the disposal of the UK fertilizer business and related closures of £100m net of tax relief.

Chairman's Comments

In announcing the results, ICI's Chairman, Sir Denys Henderson, commented: "In common with other major chemical companies, ICI's profitability is now well below the bouyant level of 1989. Weaker customer demand — particularly in the UK, USA and Australia — and the effects of overcapacity in some Industrial businesses are now being exacerbated by the impact of the Gulf crisis and the strength of sterling. Trading will remain difficult into 1991. We have already implemented plans to reduce capital spending and are strictly controlling costs. We shall continue to focus on our strengths."

Group Profit and Loss Account

The unaudited trading results of the Group for the first nine months of 1990, with comparative figures for 1989, are as follows:

1989 *First Nine Months £m*	*Year* £m*		1990 *First Nine Months £m*
		Turnover	
2,189	2,917	United Kingdom	2,208
7,665	10,254	Overseas	7,611
9,854	13,171	Total	9,819
1,217	1,467	**Trading profit**	908
$\boxed{392}$	$\boxed{536}$	After providing for: Depreciation	$\boxed{413}$
166	279	Income from related companies	143
−152	−219	Net interest payable	−158
1,231	1,527	**Profit on ordinary activities before taxation**	893
−439	−531	Tax on profit on ordinary activities	−307
792	996	**Profit on ordinary activities after taxation**	586
−48	−66	Attributable to minorities	−18
744	930	**Net profit attributable to parent company**	568
—	127	Extraordinary items	420
744	1,057	**Net profit for the financial period**	988
108.3p	135.0p	Earnings before extraordinary items per £1 Ordinary Share	81.1p

**Abridged results: full accounts with an audit report have been lodged with the Registrar of Companies.*

Trading results for the year 1990 will be announced on Thursday 28 February 1991.

IMPERIAL CHEMICAL INDUSTRIES PLC

FT

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PETROCHEMICALS IN EUROPE
– The New Scenario

28 & 29 November, 1990 – London

Speakers include:

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M. Jacques Puechal*
Atochem SA

Mr Bryan K Sanderson
BP Chemicals Limited

Mr Abdulaziz Ibrahim Al-Audah
Saudi Methanol Company

Mr Odd Hassel
Cambridge Energy Research Associates

Sir Denys Henderson
Imperial Chemical Industries PLC

Mr Henry Rowson
Trichem Consultants Limited

Mr Hugo Lever
CEFIC

Dr Sergio Cragnotti
ENIMONT SpA

Dr Edward Bennett
Commission of the European Communities

Dr Charles K Brown
Goldman Sachs International Limited

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Ms Jackie Ashurst
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Mr Alan D Plaistowe
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For information please return this advertisement, together with your business card, to

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FINANCIAL TIMES CONFERENCES

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– Business in Central & Eastern Europe

26 & 27 November, 1990 – Rome

Speakers include:

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Minister of the Treasury, Italy

Ambassador Renato Ruggiero
Minister of Foreign Trade, Italy

Professor Ivan D Ivanov
State Foreign Economic Commission
USSR Council of Ministers

Dr Václav Klaus
Minister of Finance, Czechoslovakia

Ing Paolo Cantarella
Fiat Auto

Mr Horst G Krenzler
Commission of the European Communities

Sir Alan A Walters
John Hopkins University

The Rt Hon Sir Frank Cooper GCB CMG
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The USSR State Bank (Gosbank)

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Pininfarina SpA

Dr Sergio Siglienti
Banca Commerciale Italiana SpA

Dr Axel Lebahn
Deutsche Bank AG

Mr Ferenc Rabár
Minister of Finance, Hungary

Professor K Lutkowski
Adviser to the Minister of Finance, Poland

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CLRCH-8

BUSINESSES FOR SALE

Touche Ross

T. M. Hunter Limited
(In Receivership)

The Joint Receivers offer for sale the business and assets of this long-established (1901) woollen mill based in Brora, Sutherland, Scotland.

- Manufacturers of high quality woollen yarn, tweed, blankets and rugs.
- Substantial owned mill and retail premises.
- Established brand name, customer base and agency network in UK and abroad.
- All processing from raw wool to finished products carried out on site.
- Turnover for fourteen months ended 30th June 1990 – £3.5 million.
- Experienced and skilled workforce of 130.

For further information please contact Robin Wilson or Tom MacLennan at the Company's premises: Tel: 0408 21366. Fax: 0408 21103 or at the address below.

66 Queen's Road, Aberdeen AB1 6YE.
Tel. 0224 325375. Fax: 0224 313611.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Member DRT International

Copy Consultants Group Limited

The business and assets of the above well known company are offered for sale by the Joint Administrative Receivers.

- This national company is based in Carlisle and has locations in Newcastle, Darlington, Lancaster, York, Shetland, Bradford, Bristol, Burnley, Cannock, Leicester, Orpington, Salford and Glasgow.
- The company is a principal distributor and service agent for a leading photocopier manufacturer. Other products include facsimile machines, computer hardware and software, telecommunication systems, furniture and stationery.
- Annual turnover of over £15 million with a skilled workforce of 350.
- Freehold properties at Carlisle (two), Lancaster, Newcastle and Shetland.
- Stocks amounting to over £3 million.

For further details, please contact Roger M. Griffiths, Ernst & Young, Central Exchange Buildings, 93A Grey Street, Newcastle upon Tyne NE1 6EJ. Tel: (091) 221 1222. Fax: (091) 261 2916.

Ernst & Young

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

Mohawk Holdings Limited
Mohawk Enterprises Limited
Mohawk Limited

(ALL IN ADMINISTRATIVE RECEIVERSHIP)

The Joint Administrative Receivers offer for sale as going concerns the business and assets of the above companies which supply and maintain high speed non-impact printers, security applications, related consumables and software.

- Turnover (unaudited management accounts) for the ten months to 31st August 1990 £6.8m
- Operates from leasehold premises in London, Bristol, Leeds, Warrington, Glasgow and Birmingham
- Approximately 120 staff

For further details, please contact the Joint Administrative Receivers, M E Mills and T C Carter, Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU. Tel: 071-928 2000 extension 3754. Fax: 071-928 1345.

Ernst & Young

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

FOR SALE

Due to imminent retirement of Directors. Well established Electric Heating Design Company. Turnover c.£2m. Highly Profitable.

Principals only reply in writing to: Collinsons Chartered Accountants, 21 Bennetts Hill, Birmingham B2 5QP

Alexander James and Dexter Limited (In Receivership)

A very well respected advertising agency (commenced trading 1971) and recruitment agency at Lower Bourton, Swindon, the business and assets of which are available for sale following the appointment of Joint Administrative Receivers on 17 October 1990.

- Freehold offices (Grade II listed) at Bourton Grange, Bourton, Nr Swindon including in all some 2.7 acres of land
- Modern leasehold offices in Swindon
- Turnover in 1989 approximately £7.0 million
- Prestige clients
- *Approximately 40 staff*

Interested parties are requested to apply in writing for further information to the Joint Receiver: PRC Densham, Price Waterhouse, Clifton Heights, Triangle West, Bristol BS8 1EB. Telephone: 0272 293701. Fax: 0272 290519.

Price Waterhouse

Ketson plc
(In Administrative Receivership)

The business and assets of the following subsidiaries of Ketson plc are offered for sale by the joint administrative receivers.

The Moorgate Group plc
(In Administrative Receivership)

- *Operating in the Financial Services Sector.*
- Providing Consultancy Services to major UK and *European institutions.*
- Advertising.
- Public Relations.
- Marketing.
- Training.

Cooper Directory Marketing Ltd.
(In Administrative Receivership)

- Operating in the field of Directory Advertising.
- Providing creative, booking and administrative services to major national companies.

Whitelion Facilities Ltd.
(In Administrative Receivership)

- Provides editing and graphics equipment to producers of corporate and broadcast videos.

Enquiries to the Joint Administrative Receiver, AJ Barrett FCA, Price Waterhouse, No.1 London Bridge, London SE1 9QL. Tel: 071-939 3000. Fax: 071-939 5566.

Price Waterhouse

CITY RESPONSE LIMITED
IN ADMINISTRATIVE RECEIVERSHIP

Offers are invited for this established London firm of Security Printers.

- *Two adjacent L/hold units in Wapping, London E1*
- *Plant and equipment to include:-*
  - Typesetting
  - Platemaking
  - Printing
  - Finishing
- Turnover circa £3 million
- 40 employees

For further information contact the office of the joint Administrative Receivers:

N J Hamilton-Smith and D J Mason
Morton Thornton & Co
Torrington House
47 Holywell Hill
St Albans
Herts AL1 1HD
Telephone: 0727 38255

Morton Thornton & Co.

FIRST COMPANY CONSULTANTS PLC
OFFER FOR SALE
WESTMINSTER AND CITY PROPERTY DEVELOPMENTS PLC
Reg. U.K. No. 2547692
FOR THE SUM OF
£3,250

No further caption required. The Company is un-traded and ready to trade.
All legal requirements satisfied including share capital. Nominal capital £1,000,000.
Enquiries
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HOTELS

Hotels and leisure property for sale and purchase.
Property urgently required as purchasers are available.

FINANCE

With low interest rates, for further details contact:
Tel: 071 323 4838 Fax: 071 436 1095

EXECUTIVE RECRUITMENT COMPANY FOR SALE

A long established THAMES VALLEY based Recruitment Company – majoring in *ACCOUNTANCY AND COMPUTING* – and trading profitably, is for sale. Long Lease on prestige detached Office building (with car park) Over 4000 past applicants CV's in the files. T/O for 89/90 was £484,000. Genuine reason for sale – owner could stay for period to assist transfer.

Serious enquiries please write to Box H7491, Financial Times, One Southwark Bridge, London SE1 9HL

HARDWARE TOOLS FASTENINGS DISTRIBUTION BUSINESS

A 3 depot business with annual turnover of £7 million operating from well located and equipped premises in the North East, North West and Midlands

FOR SALE
Net worth: £2.5 million
Available as a whole or as separate units
Principals only write Box No H7537 Financial Times, One Southwark Bridge, London SE1 9HL

Thorpeside Mills Ltd.
(In Receivership)
W. Yorks

Manufacturer without looms, the above company deals with medium to high quality worsted suiting material.

- Long leasehold premises 8,500 sq. ft.
- 18 employees
- Turnover year to 31st March 1990 £3.5m
- Continuing order book
- Extensive worldwide customer list

For further details please contact the Joint Administrative Receiver:
Peter Flesher, Grant Thornton, Eldon Lodge, Eldon Place, Bradford BD1 3AP.
Tel: 0274 734341
Fax: 0274 390177

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

TOWER GROUP PLC

The Joint Administrative Receivers offer for sale the total assets where substantial tax losses may be available or assets separately as follows:

- Majority interest in established professional multi-disciplinary consultancy providing a full range of architectural, design, surveying and engineering services to both the Private and Public sectors. The company employs eighty staff, has a substantial order book and is projecting annual profits of £600,000 on a turnover of £3.5m.
- A wholly owned subsidiary in the hotel industry comprising four leasehold provincial hotels and one restaurant all located in Southern England.
- Various minority interests in one quoted and several unquoted companies operating in the industries of Quarrying and Landfill, Cellular Telephones, Property Development, Manufacturing of Electronic Equipment and environmentally friendly detergent products.

Interested parties should contact
Richard Granatt at
100 Chalk Farm Road, London NW1 8EH.
Reference L3132.
Telephone: 071-267 4477.
Telefax: 071-267 1028
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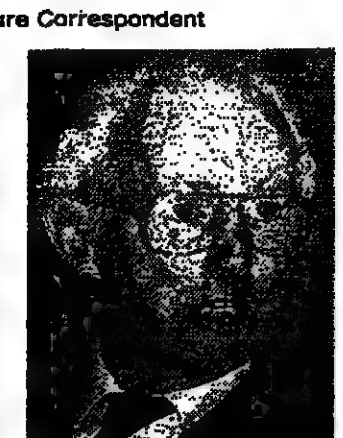
FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

COMMODITIES AND AGRICULTURE

Farmers seek new market regime to meet deep crisis

By Bridget Bloom, Agriculture Correspondent



Sir Simon Gourlay: "We are not looking for more and more government hand-outs"

EUROPE'S COUNTRYSIDE could face "dereliction on a grand scale" unless the European Community can find new and constructive ways of ordering farm support, Sir Simon Gourlay, president of the UK National Farmers' Union said yesterday.

Sir Simon claimed that the inevitable result of continuing policies of cutting farm gate prices to make agriculture more market oriented would be to put thousands of farming families in Britain alone out of business.

To redress the present crisis in farming, a new framework for support was needed. This should aim to control production, whether through quotas or using land less intensively, Sir Simon added.

The NFU leader suggested to a packed meeting of farmers in London yesterday that many of them would not be there if farming were to take a free market direction.

"We are not looking for more and more government handouts to pay for unwanted production. We want a framework . . . which will deliver a reasonable return . . . and at the same time enable us to manage the countryside in a manner which both farmers and the public want to see," he said.

Sir Simon and the leaders of Scottish, Welsh and Ulster farmers' organisations outlined a background of declining incomes for farmers which, the NFU leader said, had continued despite the increasing sums spent by taxpayers on EC farm subsidies.

Farm gate prices had risen only 46 per cent between 1979-89 compared to a rise of 71 per cent in UK food prices and 106 per cent in the overall retail price index.

Mr John Ross, president of the Scottish NFU, said his farmers were "ablaze with fury" at their declining incomes, made worse recently in the livestock sector, following the animal health scares and more imports from eastern Europe.

A number of speakers suggested that the further price reductions being called for in the current world trade negotiations in the General Agreement on Tariffs and Trade would prove the last straw.

However, Sir Simon acknowledged yesterday that farmers would almost certainly have to accept the 30 per cent cut over 10 years suggested by the EC Commission, since he believed agriculture would not be allowed to stand in the way of an overall Gatt settlement.

Sir Simon said that production controls, or what he prefers to call "supply management", would have to take different forms according to the commodity in question. Without going into detail, he suggested that while the present quota system was suitable for milk, for livestock and cereals the answer could be less intensive production, with aid coupled to environmentally friendly farming.

Such an idea was endorsed by Mr David Astor, chairman of the Council for the Protection of Rural England – probably the first environmentalist ever to appear at an important NFU meeting.

He offered farmers "a real alliance" with conservationists to get a better deal for farmers, the environment and the consumer – an offer which, in its turn, was endorsed by Mr Robin Maynard, of Friends of the Earth.

Although one of the biggest NFU gatherings in recent years, the meeting was good tempered. Many of the estimated 2,500 farmers present at Westminster's Central Hall went on to lobby their MPs in Parliament.

● Mr Louis Mermaz, the French minister of agriculture, said yesterday he would prefer to see Gatt world trade talks extended beyond their December deadline than accept an agreement which would harm French agriculture.

"We'd be better off accepting a delay than in rushing to sign a bad agreement," he told his first news conference since being appointed a minister on October 2.

Brazil plans to import 4m tonnes of wheat

By Victoria Griffith in Sao Paulo

BRAZIL HAS clinched a deal to import 60,000 tonnes of wheat from France over the next two months, at a total cost of about $4.8m.

The wheat to be split into two equal deliveries of 30,000 tonnes each, will arrive in November and December and will be paid for over a 12-month period. The deal is part of a Brazilian plan to import 4m tonnes of wheat this year.

At least 2m tonnes will be coming from Argentina, in accordance with a bilateral trade agreement between the two countries. A group of Brazilian trade representatives flew to Buenos Aires on Wednesday to talk about further imports.

Brazil is also bargain-hunting in the wheat markets of Uruguay, Paraguay, Canada and the US.

The government will auction import rights on the financial markets, as it did in the past for coffee.

Although the French wheat was purchased by the Brazilian government, further imports may be arranged privately, according to the ministry of the economy. The government is currently preparing for the privatisation of the wheat sector. This week, the government met wheat producers to negotiate procedures for the privatisation process.

Black gold earns Africa its bread

William Keeling analyses the oil industry's role in Nigeria's economy

THE OFFICE of Mr Jubril Aminu, Nigeria's minister of petroleum resources, might easily be mistaken for that of a pharmacist. In glass cabinets there are large, fluted, medicine-bottles containing an array of coloured liquids. On the mahogany desk that dominates the room is what appears to be a perfume bottle. On closer inspection, however, the medicine bottles are found to contain products of Nigeria's refineries and the perfume bottle contains crude oil.

More normally than by the bottle, Nigeria's oil is found by the barrel – and by million barrels at a time. With proven reserves in excess of 16bn barrels, Nigeria accounts for one-third of Africa's known oil reserves and for approximately 8 per cent of the total production of the Organisation of Petroleum Exporting Countries (Opec).

In addition to oil, Nigeria has 2.6 trillion (million million) cubic metres of natural gas reserves. Being situated on the West African coast, it is obviously well positioned to act as a supplier of the US and Europe's energy requirements.

The Nigerian government has announced that it plans to boost production capacity from the present 1.9m barrels a day to 2.4m b/d and to uprate reserves to 20bn barrels by 1994. Such a target looks highly optimistic and most analysts believe such figures will not be realised until the end of the decade. However, Nigeria remains one of the few countries in the world which is actively pursuing a programme to increase capacity and reserves.

The commitment of the foreign oil companies to the programme of expansion has been secured through a memorandum of understanding signed in 1986. Under it, the government guarantees a minimum profit margin of $2 a barrel and offers tax incentives to undertake exploration and development.

Its purpose was to halt a decline in the oil sector brought about by low-prices and an Opec quota which had reduced Nigeria's production from 2.3m b/d in 1980 to just 1.3m b/d in 1983. The present quota, which was suspended in August as a result of the Gulf crisis, is 1.6m b/d and analysts expect this to increase in line with world demand.

'Nigerians want to feel that they are taking part in the production of oil hand in hand with the oil companies'

Foreign oil-companies, of which there are seven operating in Nigeria, have adopted a bullish attitude to the country. When the Nigerian National Petroleum Corporation decided last year to reduce its stake from 80 per cent to 60 per cent in its joint-venture with Shell, three oil companies eagerly grabbed the equity. Shell raised its stake to 30 per cent and Elf and Agip each took 5 per cent in a deal worth $2bn to NNPC.

This August the joint-venture announced expenditure of $6.5bn over the next five years.

Incentives for increased exploration have also led to significant discoveries. Shell recently announced a new field with reserves of at least 500m barrels in Rivers State and Elf has made discoveries amounting to 300m barrels since 1985, equivalent to 10 years' production for the Elf/NNPC joint venture. Last June, Mobil Producing Nigeria – which currently produces 240,000 b/d in its joint venture with NNPC – signed a $1bn agreement to exploit the 500m barrel Oso condensate field, which will start production at 100,000 b/d in 1993. Importantly, production of condensate is outside of Nigeria's Opec quota.

In the gas sector, finance is close to being secured for the ambitious $2.5bn liquefied natural gas project with equity divided between NNPC (60 per cent), Shell Gas (20 per cent), Elf (10 per cent) and Agip (10 per cent). The project hinges on purchasing agreements being signed with companies in the US and Europe.

These are expected soon, particularly with events in the Gulf highlighting the importance of gas as an alternative energy source. Indeed, in May senior executives from Chevron of the US visited Nigeria to discuss a plan for a new $500m gas-processing plant.

With Nigeria being viewed as fertile ground for investment, oil company executives speak of a healthy level of competition within the energy sector. Healthy, that is, until the stormy question of a change in the role of NNPC is raised.

Whilst NNPC has a 60 per cent stake in every joint venture by law, it has so far given foreign oil companies sole operating rights. Any suggestion that NNPC be allowed a share in operations produces a howl of protest from the oil companies.

Mr Jubril Aminu accepts that to insist on shared operating rights would amount to creeping nationalisation, but he says that it remains Nigeria's long-term objective. "What Nigerians want to do is to feel that they are taking part in the production of oil hand in hand with the oil companies," he explains.

Another contentious issue is the 1986 memorandum of understanding. While the oil companies would like the minimum profit margin of $2 a barrel to be increased, any suggestion that they are demanding a revision of the memorandum is strongly denied.

"Revision is far too strong a word: we simply want some technical points to be re-examined," said one senior executive. The goal of winning their case without upsetting the status quo is a serious challenge for the oil companies.

The Nigerian government appears, however, to recognise the benefits that oil companies bring. Those parts of the industry which Nigeria has kept to itself, such as the domestic refineries and petrochemicals, have been dogged by poor management and low capacity utilisation.

Yet with crude oil exports accounting for 95 per cent of Nigeria's foreign exchange earnings, the oil industry is an essential sector of the national economy. The level of investment now taking place is as good a sign as any of accord between the government and oil companies that Nigeria's energy sector still has a bright and profitable future.

SA wine seeks a higher profile

By Philip Gawith in Johannesburg

KWV, the producer co-operative representing 6,000 South African wine producers, has announced plans to adopt a much higher international marketing profile as the country's trading relations return to normal with the ending of the era of sanctions.

As the main marketer of South African wine and wine products abroad, KWV has been hit hard in recent years by government-enforced sanctions in the US, Scandinavia and Canada, and by trade boycotts in Europe and the UK. The effect has been for KWV to export fewer branded products and more in bulk form.

Political sensitivities have meant that these bulk exports have normally been unidentified and KWV has said little about them. Traditionally the bulk of these exports have been in the form of cheap distilling wine.

Recently, however, the KWV has achieved success with exporting higher value-added products, notably grape juice concentrate and "scheme wine" (dry white wine for bulk export).

During the financial year to the end of 1989, the KWV's export volumes rose by 85 per cent, mainly as a result of a doubling in the volume of grape juice concentrate and brandy exported and the discovery of new markets for scheme wine, understood to be principally in eastern Europe.

KWV say 25m litres of scheme wine have been exported since they started marketing this product last year. The wine is shipped in bulk tankers through the Suez canal.

Speaking this week Mr Pietman Hugo, chairman of KWV, said: "We are hopefully approaching a sanction-free market environment in the nineties. This has naturally brought about total turn-about in KWV's marketing strategy, from low profile bulk exports in the eighties to high profile advertisement-supported brand product marketing in the nineties."

New products and packaging have been developed for export. A new top of the range wine series, as well as new varietal wines and wines for everyday enjoyment are to be introduced.

Many of the KWV's members have seen their real income decline in recent years amid stagnant sales. While increased export volumes will undoubtedly improve their position, the greater challenge is to win over the vast black majority of South Africa's population, which has traditionally preferred drinking beer to the healthier alternative of wine.

Chinese cut in silk prices fails to achieve goal

CHINA's attempt to boost silk export earnings by cutting prices appears not to be paying off, reports Reuters from Peking.

Overseas sales are up following the 10 per cent price cut introduced at the end of September, but only enough to maintain the level of returns, a China Silk Import-Export Corporation official said yesterday.

Nearly 80 per cent of China's raw silk is exported, accounting for about 90 per cent of total world exports.

Export earnings rose by about $200m last year to $1.84bn, but a similar increase is not expected this year. "There are not many buyers around," the official said. Chinese domestic demand may help absorb surplus silk that cannot be exported.

A sluggish world market since the end of 1989 had been caused partly by China's prompt deliveries, which halted a rush in purchases, the official said. However, the main reason for the slow sales was poor quality, he said.

Philippines privatisation of nickel plant completed

THE PHILIPPINES government has completed the sale of a nickel refinery complex in the south of the country for $325m in the biggest transaction so far under its privatisation programme, reports Reuters from Manila.

Officials said that after months of negotiations, the Asset Privatisation Trust agreed to sell the country's only nickel refinery to a group led by Mr Jesus Cabarrus, who owned it before the government takeover in 1984.

An agreement on the sale of Nonoc Mining and Industrial Corporation to Philippine Nickel Corporation (Philnico) was signed on October 12, Mr Ramon Garcia, the APT chief executive trustee confirmed yesterday.

The finance secretary Mr Jesus Estanislao said Nonoc was the biggest transaction concluded by the Asset Privatisation Trust, which handles the transfer to private hands of state companies acquired during the 20-year rule of the late President Ferdinand Marcos.

The sale of Nonoc followed a memorandum of understanding signed by APT and Philnico in February.

Under the deal, Philnico will pay the government $325m over six years, including a one-year grace period.

However, the company is allowed to defer payment of amortisation should nickel prices, based on the London Metal Exchange price, fall below a certain break-even point.

"We will be guided by the previous experience so that if the price plummets and Philnico will not be able to pay the instalment due, we will avoid foreclosure," Mr Garcia said.

Appeal by Canadian coal mine on pricing rejected

By Bernard Simon in Toronto

A BRITISH COLUMBIA court has rejected an appeal by the ailing Quintette coal mine against an arbitration ruling that put the mine's future in jeopardy by sharply reducing the prices it can charge its Japanese customers.

The court's decision leaves the fate of Quintette, one of North America's biggest metallurgical coal exporters, in the hands of its lenders and suppliers of essential services.

A Quintette official said yesterday that the company hoped to finalise a comprehensive restructuring agreement by December 13, the expiry date of a six-month restraining order which freezes its debts from creditors' claims. Quintette is also planning to appeal the British Columbia Court of Appeal decision to the Supreme Court of Canada.

Under the restructuring, the mine is seeking easier repayment terms on C$630m (£276m) in debt owed to over 50 banks, as well as reductions in port handling, rail transport and electricity charges.

Mr Bruce McConkey, Quintette chairman, said the price set by the arbitration panel was "below the cost of producing and transporting coal".

The panel also ordered Quintette, 50 per cent owned by Denison Mines of Toronto, to reimburse its Japanese steel mill customers C$46m in overpayments since the dispute began in 1987.

Quintette opened in 1984 when Japanese mills were willing to pay a premium to diversify coal supplies. However, the downturn in steel has led them to demand a string of concessions.

WORLD COMMODITIES PRICES

MARKET REPORT

REPORTS THAT India was planning to sell up to 500,000 tonnes of sugar to the world market, instead of the 200,000 tones reported earlier, sparked a slide in futures prices at the London Futures and Options Exchange yesterday. In early evening trading the March position was more than $5 down at under $215 a tonne. At the London Metal Exchange, copper prices extended the downturn which began in afterhours trading on Wednesday, following five consecutive daily rises. But the market was steadied by chart-based support around $2,630 a tonne (for three months delivery) and covering was induced by talk that a sizeable fall in LME warehouse stocks might be announced this morning, although at more than 190,000 tonnes they would remain high. At the close, cash copper was quoted at £1,376 a tonne, down $24 on the day, which more than wiped out the previous rise on the week. Zinc prices staged a rally in the morning but the uptrend faltered as selling was attracted at the higher level. The cash price closed $19.50 lower on balance at $1,319 a tonne, while three months metal was down $16 at $1,318.50 a tonne.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$28.50-8.60y	+2.85
Brent Blend (dated)	$32.85-2.95	+3.00
Brent Blend (December)	$32.15-2.25	+2.85
W.T.I. (1 pm est)	$33.40-3.43y	+3.065
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$348-353	+15
Gas Oil	$303-305	+26
Heavy Fuel Oil	$130-133	+9½
Naphtha	[illegible]	+[illegible]
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$375.25	+3.50
Silver (per troy oz)♣	424c	
Platinum (per troy oz)	$425.75	+1.25
Palladium (per troy oz)	$94.75	
Aluminium (free market)	$1935	+10
Copper (US Producer)	133c	-5
Lead (US Producer)	50c	
Nickel (free market)	415c	+5
Tin (Kuala Lumpur market)	18.51r	+0.02
Tin (New York)	295c	-1
Zinc (US Prime Western)	70c	
Cattle (live weight)†	103.50p	+2.14*
Sheep (dead weight)†	131.45p	+9.80*
Pigs (live weight)†	89.60p	-3.22*
London daily sugar (raw)	$258.6q	+1.6
London daily sugar (white)	$310.0q	-1.0
Tate and Lyle export price	£299.00	-0.50
Barley (English feed)	£118v	
Maize (US No. 3 yellow)	£157.25	
Wheat (US Dark Northern)	£91	
Rubber (Dec)♥	50.25p	
Rubber (Jan)♥	50.50p	
Rubber (KL RSS No 1 Nov)	237.0m	
Coconut oil (Philippines)§	$310q	+10
Palm Oil (Malaysian)§	$312.5q	+10.0
Copra (Philippines)§	$215t	+5
Soyabeans (US)	£140.5	-1.0
Cotton "A" index	82.40c	
Wooltops (64s Super)	408p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Jan. u-Oct/Dec v-Nov. w-Oct/Nov z-Jan/Mar y-Dec. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Dec	219.00	225.00	223.00 218.00
Mar	214.00	219.80	219.20 213.80
May	214.80	220.40	219.80 214.80
Aug	217.00	222.80	221.40 216.80
Oct	218.00	223.80	222.00 219.80
Mar	219.80	224.60	223.00
White	**Close**	**Previous**	**High/Low**
Dec	300.5	303.0	303.7 300.0
Mar	297.0	300.0	300.7 298.5
May	298.0	300.7	300.0 297.0
Aug	298.0	303.0	301.0 298.5
Oct	288.3	294.0	292.0 280.5
Dec	285.5	282.5	288.2

Turnover: Raw 1285 (1880) lots of 50 tonnes. White 847 (3278)
Paris- White (FFr per tonne): Dec 1533 Mar 1515, May 1519, Aug 1531, Oct 1460

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Dec	32.00	29.96	32.70 30.40
Jan	30.85	29.05	31.45 29.40
Feb	29.50	28.20	29.50
IPE Index	28.37	28.37	

Turnover: 23300 (26851)

GAS OIL – IPE ($/tonne)

	Latest	Previous	High/Low
Nov	282.00	265.00	282.00 273.00
Dec	284.00	259.75	284.50 265.00
Jan	278.00	252.75	278.00 258.80
Feb	264.00	240.50	264.00 244.00
Mar	249.00	228.00	249.00 240.00
Apr	231.00	212.50	231.00 226.00
May	223.00		223.00
Jun	220.00	206.00	220.00

Turnover 13568 (12260) lots of 100 tonnes

FRUIT AND VEGETABLES

French Golden Delicious apples are 35-45p a lb (35-45p) and remain a best buy along with English Cox's apples at 40-55p a lb (40-55p), reports FFVIB. Satsumas at 40-55p a lb (40-50p) are plentiful - a sure sign that Christmas is on the way and pomegranates at 15-20p each (15-20p) are superb quality. There are masses of good quality vegetables available including broccoli at 60-90p a lb (80p-£1.00), white and red cabbage at 20-30p a lb (20-30p) and carrots at 20-30p a lb. Pumpkins are abundant as Halloween looms closer, available at 35-50p a lb (20-30p). Tomatoes at 45-70p a lb (45-70p) are still a good salad buy.

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Dec	691	685	692 685
Mar	728	729	736 727
May	754	757	762 762
Jul	778	777	784 774
Sep	798	799	806 798
Dec	[illegible]	827	830 821
Mar	850	855	857 855

Turnover:5688 (3686) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Oct 24 924.06 (887.88) 10 day average for Oct 25 886.70 (887.96)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low
Nov	587	587	570 565
Jan	584	585	588 581
Mar	572	572	575 570
May	580	580	583 578
Jul	595	597	598 594
Sep	612		610

Turnover: 5188 (7810) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Oct 24: Comp. daily 73.21 (72.98). 15 day average 74.24 (74.32)

POTATOES – IPE (£/tonne)

	Close	Previous	High/Low
Nov	70.0		70.0
Apr	138.0	137.8	138.0 134.5
May	157.5	157.0	165.0 153.0

Turnover 208 (253) lots of 40 tonnes.

SOYABEAN MEAL – IPE (£/tonne)

	Close	Previous	High/Low
Dec	110.00	111.50	110.00
Feb	123.00	123.60	124.00 123.00
Apr	126.00	126.00	126.00

Turnover 80 (103) lots of 20 tonnes.

FREIGHT FUTURES – IPE ($10/index point)

	Close	Previous	High/Low
Oct	1310	1315	1313 1310
Nov	1283	1283	1300 1280
Jan	1262	1268	1274 1259
Apr	1245	1250	1255 1250
BFI	1327	1328	

Turnover 221 (226)

GRAINS – IPE (£/tonne)

Wheat	Close	Previous	High/Low
Nov	114.65	114.45	114.75 114.20
Jan	119.10	118.90	119.20 118.90
Mar	122.50	122.50	122.80 122.50
May	125.90	125.90	126.10 126.00
Barley	**Close**	**Previous**	**High/Low**
Nov	113.45	112.95	115.30 113.10
Jan	117.70	117.45	117.75 117.40

Turnover: Wheat 196 (509), Barley 80 (221).
Turnover lots of 100 tonnes.

PIGS – IPE (Cash Settlement) p/kg

	Close	Previous	High/Low
Nov	97.5	98.0	97.0
Jan	92.5	93.0	92.0

Turnover 15 (28) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 11,505 lots
Cash	1920-5	1915-20	1936/1935	1933-5		
3 months	1784-5	1775-7	1790/1778	1786-7	1786-8	73,798 lots
Copper, Grade A (£ per tonne)						Total daily turnover 19,453 lots
Cash	1375-7	1400-1	1376/1374	1374-5		
3 months	1365-6	1387-8	1369/1358	1364-5	1365-6	111,275 lots
Lead (£ per tonne)						Total daily turnover 11,038 lots
Cash	373-5	381-3		373-5		
3 months	376-6.5	383-4	381/377	377-7.5	379-80	10,698 lots
Nickel ($ per tonne)						Total daily turnover 2,538 lots
Cash	9000-50	8775-825	6950/6925	8925-50		
3 months	8600-25	8425-50	8650/8400	8625-7	8575-600	7,388 lots
Tin ($ per tonne)						Total daily turnover 1,054 lots
Cash	6255-65	6210-20	6215/6200	6215-20		
3 months	6260-70	6220-2	6270/6205	6210-5	6230-5	6,854 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 4,993 lots
Cash	1318-20	1337-40	1330/1320	1329-31		
3 months	1318-9	1334-5	1330/1315	1329-30	1320-3	19,805 lots

LME Closing £/$ rate:
SPOT: 1.9580 3 months: 1.9015 6 months: 1.9109 9 months: 1.8814

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	375-375½	191½-192
Opening	372½-373	190-190½
Morning fix	373.90	190.765
Afternoon fix	375.05	191.518
Day's high	375¼-375¾	
Day's low	372¼-372¾	

Coins	$ price	£ equivalent
Mapleleaf	384-389	196-199
Britannia	384-389	196-199
US Eagle	384-389	196-199
Angel	384-389	196-199
Krugerrand	374-377	191-193
New Sov.	90-92	46-47
Old Sov.	90-92	46-47
Noble Plat	430.80-437.70	220.10-223.60

Silver fix	p/fine oz	US cts equiv
Spot	215.85	423.00
3 months	223.35	431.50
6 months	230.30	439.90
12 months	243.45	458.45

TRADED OPTIONS

Aluminium	Jan	Mar	Jan	Mar
550	45	48	12	27
600	19	27	35	58
650	7	14	73	90
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
650	50	101	8	23
700	21	70	30	42
750	7	46	66	68

Brent Crude	Dec	Jan	Dec	Jan
3000	330	315	315	315
3050				
3100	200			

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Dec	32.85	31.08	34.05	32.20
Jan	31.85	30.19	32.19	31.50
Feb	30.75	29.09	31.09	30.40
Apr	29.20	27.29	29.29	[illegible]
Jun	27.50	25.89	27.50	26.60
Sep	26.05	24.54	26.05	25.55

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Nov	9140	8512	9220	8810
Dec	9004	8604	9004	8670
Jan	8938	[illegible]	8938	8650
Feb	8720	8330	8720	8670
Mar	8320	7920	8320	8280
Apr	7980	7580	7980	7980
May	7845	7290	7846	7845
Jun	7510	7110	7510	7440
Jul	7360	7050	7360	7350
Aug	7475	7075	7475	7380

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1214	1227	1239	1206
Mar	1271	1282	1291	1264
May	1308	1319	1328	1301
Jul	1342	1353	1362	1342
Sep	1372	1383	1391	1391
Dec	1412	1423	1433	1426
Mar	1447	1458	1467	1467

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	91.30	92.00	92.50	91.25
Mar	94.85	95.80	95.95	94.80
May	97.00	98.00	98.20	97.00
Jul	99.20	99.95	100.40	[illegible]
Sep	101.00	102.00	102.40	101.00
Dec	104.00	104.75	0	0
Mar	105.50	106.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	9.60	9.83	9.72	9.53
May	9.61	9.84	9.73	9.57
Jul	9.58	9.83	9.74	9.58
Oct	9.61	9.85	9.75	9.60
Mar	9.71	9.98	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Dec	74.47	74.08	74.85	74.05
Mar	74.58	74.38	74.80	74.21
May	74.98	74.80	75.20	74.87
Jul	75.00	74.81	75.20	74.78
Oct	68.05	68.73	68.15	68.10
Dec	66.60	66.73	66.75	66.55
Mar	67.50	67.68	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	116.25	119.00	117.55	114.10
Jan	110.60	113.40	113.50	110.00
Mar	111.50	113.75	114.00	111.00
May	112.25	113.40	113.40	111.50
Jul	112.25	113.40	113.25	112.00

INDICES

REUTERS (Base: September 18 1931 = 100)

Oct 25	Oct 24	mnth ago	yr ago
1726.3	1730.3	1783.6	1841.9

DOW JONES (Base: Dec. 31 1974 = 100)

	Oct 24	Oct 23	mnth ago	yr ago
Spot	126.94	127.12	130.11	130.73
Futures	128.65	128.82	131.52	128.48

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Oct	375.6	373.5	374.5	374.1
Nov	376.1	373.8	0	0
Dec	378.3	376.0	379.4	378.1
Feb	382.5	380.1	383.5	380.4
Apr	386.2	383.8	387.0	384.2
Jun	390.2	387.8	390.0	388.8
Aug	394.1	391.7	0	0
Oct	398.1	395.7	0	0
Dec	402.2	399.8	402.5	400.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	416.6	432.4	420.0	420.0
Jan	420.3	428.3	426.0	418.5
Apr	425.8	433.8	431.0	423.5
Jul	430.6	438.9	436.5	429.5
Oct	436.4	444.4	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Oct	420.4	422.5	0	0
Nov	420.9	422.9	0	0
Dec	424.0	426.0	427.5	422.5
Jan	426.0	428.0	428.5	428.5
Mar	433.3	435.3	436.5	432.0
May	439.5	441.5	442.0	438.0
Jul	445.6	447.5	449.0	447.5
Sep	451.7	453.7	454.5	454.5
Dec	460.8	462.8	464.0	460.0
Jan	463.4	465.4	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	127.95	129.00	128.50	127.70
Nov	124.30	124.65	124.60	123.40
Dec	119.80	120.45	120.70	119.00
Jan	117.10	117.45	117.30	117.00
Mar	113.10	113.15	113.60	112.40
Apr	112.00	112.00	112.00	111.90
May	111.00	110.90	111.40	110.30
Jun	110.05	110.00	0	0
Jul	109.00	109.00	109.40	108.90
Aug	108.15	108.00	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	605/4	610/6	608/4	605/0
Jan	621/4	626/4	625/4	621/0
Mar	636/0	640/4	639/4	635/4
May	648/4	652/6	652/0	648/0
Jul	659/2	662/2	662/0	658/0
Aug	658/2	661/4	661/4	658/0
Sep	633/4	634/0	636/4	633/4
Nov	624/2	625/2	625/6	623/2

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	22.16	22.24	22.46	22.13
Jan	22.46	22.53	22.72	22.41
Mar	22.88	22.98	23.18	22.86
May	23.28	23.35	23.50	23.25
Jul	23.44	23.55	23.68	23.40
Aug	23.40	23.50	23.60	23.40
Sep	23.28	23.40	23.45	23.28
Oct	21.97	21.88	21.97	21.75
Dec	22.85	23.05	23.00	22.85

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	182.8	184.3	184.0	182.6
Jan	184.9	186.6	186.2	184.7
Mar	188.5	189.8	189.4	188.5
May	189.8	191.2	191.2	189.5
Jul	191.4	193.0	192.3	191.3
Aug	191.7	192.5	192.5	191.7
Sep	188.0	189.1	190.0	188.0
Oct	185.7	186.5	0	0
Dec	186.6	187.0	187.0	186.3

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	230/4	233/0	232/0	230/2
Mar	239/6	242/2	241/2	239/4
May	245/6	248/4	247/4	245/6
Jul	250/2	252/6	252/0	250/0
Sep	249/4	251/2	250/4	249/4
Dec	250/2	252/0	251/0	250/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	263/6	264/6	264/2	262/6
Mar	277/6	279/0	279/0	276/4
May	284/2	286/6	284/6	283/4
Jul	287/6	290/4	289/4	287/2
Sep	292/0	293/6	0	0
Dec	302/4	305/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	77.87	77.62	77.90	77.47
Feb	74.92	74.65	74.95	74.55
Apr	75.35	75.02	75.37	74.95
Jun	73.37	72.87	73.45	72.90
Aug	71.82	71.27	71.85	71.27
Oct	71.97	71.50	72.10	71.60
Dec	72.15	0	72.15	71.75

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	53.82	53.82	54.10	53.55
Feb	51.02	50.87	51.22	50.50
Apr	47.70	47.42	47.85	47.45
Jun	51.15	51.00	51.35	51.00
Jul	51.67	51.42	51.75	51.30
Aug	50.10	50.05	50.20	50.00
Oct	45.40	45.30	45.30	45.25
Dec	45.70	0	45.70	45.25

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	64.85	68.00	67.10	64.52
Mar	64.30	65.77	66.70	64.00
May	63.92	65.57	66.00	63.57
Jul	63.05	64.80	65.10	62.80
Aug	61.50	63.50	63.60	61.50

LONDON STOCK EXCHANGE

Corporate shocks unsettle equities

ALARM bells from across the global corporate scene resounded though the UK stock market yesterday, driving the FT-SE Index below the 2,100 mark regained only a week ago. A trading session which opened in the face of the collapse of Polly Peck International, valued only three months ago at almost £2bn on the London stock market, later faced a dividend omission and labour cutbacks at Philips NV in Holland, lower than expected earnings at Xerox in the US, a gloomy profits report from ICI and a host of hints of unsavoury problems at leading UK companies.

The international climate was not helped by a further rise in crude oil prices and the announcement that more US troops are to be sent to the Gulf.

Account Dealing Dates			
First Dealings:	Oct 8	Oct 22	Nov 5
Option Declarations:	Oct 18	Nov 1	Nov 15
Last Dealings:	Oct 19	Nov 2	Nov 16
Account Day:	Oct 29	Nov 12	Nov 26

*New-time dealings may take place from 9.30 am two business days earlier.

Against this backcloth, the loss on the FT-SE of 21.8 to 2,088.7 was reasonably acceptable to equity market strategists. Trading volume was moderate, with Seaq volume of 323m shares comparing with 467.5m in the previous session.

The equity market dipped through Footsie 2,100 early and was down by 12 points ahead of ICI's midday statement. Third quarter figures from the blue chip chemical group were above the City's worst forecasts, but the strongly worded statement from the board underlined the market's gloom over the UK industrial outlook. ICI shares rallied briefly on the profits report but soon returned to the downward path.

Traders felt that the market might have stood up well to ICI's trading figures had sentiment not been attacked from several other quarters. Another profits downgrading for BTR from a UK brokerage house cast new shadows over other UK conglomerates. Reliant, a minor motor car manufacturer, announced a move to bankruptcy and tales swept the market of fraud investigations at a leading FT-SE listed company.

The collapse of Polly Peck, the agricultural and business group led by Mr Asil Nadir, implied losses for investors and for some stock market firms in London. Later, BZW, one of the leading UK investment banks and a marketmaker across the full range of UK equities, opened bankruptcy moves against Mr Nadir, reportedly in respect of purchases of Polly Peck shares. While the suggested loss of £3.6m involved is relatively small for BZW, it underscores the risks involved for market firms on the domestic corporate front.

Institutional interest in equities remained low yesterday with little sign of significant selling pressure. Traders confirmed that concern over the trading outlook for British companies, and also the uncertainties over the Gulf situation, was discouraging investors from dealing in the stock market.

FINANCIAL TIMES STOCK INDICES

	Oct 25	Oct 24	Oct 23	Oct 22	Oct 19	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	80.06	79.95	79.87	79.76	79.10	85.31	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	88.75	88.65	88.86	88.80	88.87	94.06	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1617.5	1636.9	1654.7	1633.6	1621.5	1720.5	1968.3 (3/1)	1510.4 (24/9)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	172.7	169.6	169.0	168.4	169.7	198.8	378.5 (6/2)	163.2 (15/6)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2088.7	2110.5	2127.0	2102.0	2089.0	2129.4	2463.7 (3/1)	1990.2 (28/9)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.92	5.85	5.79	5.87	5.90	4.81				
Earning Yld %(full)	12.34	12.18	12.07	12.22	12.32	[illegible]				
P/E Ratio(Net)(*)	[illegible]	9.95	10.04	9.91	9.83	[illegible]				
SEAQ Bargns 4.45pm	16,778	18,510	19,004	16,967	20,827	22,058				
Equity Turnover(£m)†	-	653.48	650.80	561.35	795.79	738.31				
Equity Bargains†	-	17,789	18,449	16,241	19,563	21,107				
Shares Traded (ml)†	-	375.0	393.4	319.8	482.4	379.7				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928 Ordinary 1/7/35, Gold mines 12/9/55 Basis 1000 FT-SE 100 31/12/83 [illegible]

Ordinary Share Index, Hourly changes — Day's High 1639.3 — Day's Low 1614.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1639.3	1632.0	1629.8	1625.8	1625.2	1624.5	1623.0	1625.4	1615.0

FT-SE, Hourly changes — Day's High 2109.7 — Day's Low 2085.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2108.9	2103.7	2101.1	2097.9	2098.0	2097.2	2096.3	2099.2	2086.1

GILT EDGED ACTIVITY

Indices*	Oct 24	Oct 23
Gilt Edged Bargains	93.9	93.8
5-Day average	98.0	98.1

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover

London report and latest Share index: Tel. 0898 123001

Standard hit over exposure

THE DECISION by Polly Peck to ask for administrators to be appointed depressed shares in Standard Chartered and Legal & General. Standard Chartered is believed to have the largest outstanding exposure of any bank to Polly Peck at about £50m, while Legal & General hold more than 2 per cent of the Polly Peck equity.

Smith New Court lowered its full year forecast for Standard to £186m from £225m and said there was a 50 per cent chance that the dividend may not be maintained. Standard closed 10 lower at 251p, while Legal finished 8 down at 364p.

Gloom on ICI

Third-quarter figures from ICI left the shares moving erratically before eventually closing near the day's low. The stock lost much ground in early trading, continuing Wednesday's trend, only to bounce on the midday announcement of the figures. However, analysts were single-minded in cutting their forecasts and the shares ended 14 down at 825p.

UBS Phillips & Drew trimmed this year's profits estimate by £20m to £1.03bn and next year's by £50m to £850m. The broker cited weakness in paints and petrochemicals. It is recommending selling the stock and said that the dividend cover "looks a little vulnerable". Smith New Court lopped £80m from its current year figure, leaving it at £1bn.

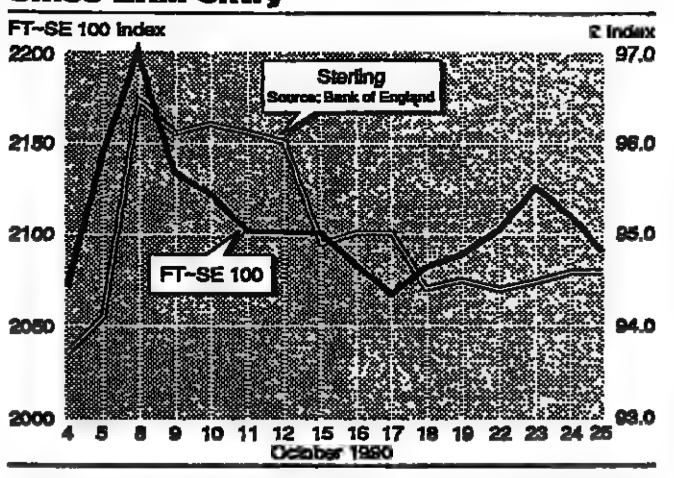
Asda rerated

Busy trading in Asda pushed the shares down 3 to 123p as 7.9m changed hands after two brokers lowered their profit forecasts and a third recommended that investors sell. Barclays de Zoete Wedd reduced its estimate for next year to £225m from £249m, but left its current year forecast unchanged at £185m. BZW said Asda was not as sensitive to changes in interest rates as the market believed.

Meanwhile, James Capel cut its current year forecast to £180m from £185m but left next year's at £220m. Capel said there was only a limited chance for a recovery in Asda's non-food sales in the second half of this year.

Panmure Gordon recommended that investors lighten their holdings in Asda and Tesco because of the recent fall in petrol prices. A switch from Tesco into Argyll was suggested. Tesco eased a penny to 232p and Argyll improved 2 to 246p.

Since ERM entry



The advance in equities since Britain's entry into the European exchange rate mechanism on October 8 has largely reflected the movement of the sterling exchange rate. Last night's close showed the FT-SE Index only 18 points higher than its level immediately prior to entry.

Wellcome fall

Wellcome fell quickly on news that New Zealand had approved a competitor to the company's money-spinning Aids treatment Retrovir. New Zealand is the first country to approve Imuthiol R, an immunoprotective agent made by the French state-controlled chemicals group Rhône Poulenc.

Traders said the shares fell on fears that analysts would cut profit forecasts for Wellcome. But Mr Martin Hall at UBS Phillips & Drew argued that the new drug would be used in conjunction with Retrovir and that the fall in the shares had been overdone. "The weakness means there is a good buying opportunity ahead of figures on November 14." Wellcome lost 19 to 483p on modest turnover of 852,000.

Marketmakers were convinced that a bear raid – dealers trying to force down the price of a share – was responsible for a rumour-driven tumble in P & O, which dropped 24 to 485p on a relatively light 1.8m turnover. Market speculation included a possible rights issue and problems with one of the company's property partners.

Mr Ian Wild of broker BZW said P & O rarely commented on such speculation, but had been sufficiently concerned about the potential damage that was being done to the share price, which fell for the third day in a row, that it issued strong denials.

Sentiment in Rank Organisation was not helped by slightly disappointing third quarter figures from US associate Xerox. Rank ended at the day's low of 599p, off 23.

International stocks had a bad day, with the return of Gulf worries. Glaxo shed 10 to 765p and Reuters lost 18 to 673p.

Conglomerate BTR fell victim to a profits downgrading, widely reported to have come from James Capel. The shares slipped 17 to 301p.

The signing of a syndicated credit agreement with its bankers helped Eurotunnel buck the falling market. The shares rose 18 but were dragged back to close up 5 at 485p.

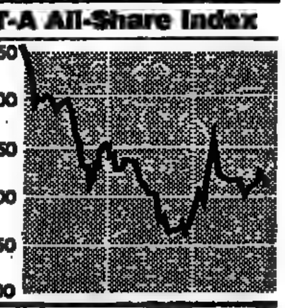
The consensus view on Smiths Industries' record results was positive and the shares moved higher. BZW, the investment bank, said with its buy recommendation that Smiths was expected to come out of the recessionary period in a stronger, more competitive position. Demand for the shares was persistent rather than heavy, according to dealers, but it uncovered market short positions which gave added momentum to the advance. After peaking at 217p, they ended 9 up on balance at 214p on turnover of 2.3m.

Trafalgar House had another miserable day, losing a further 7 to 183p. Volume was smaller, at 1.4m shares but, with speculation continuing over final dividend prospects, buyers were reluctant.

In an easier buildings sector, attention focused on a rise in turnover in Tarmac and RMC. Tarmac lost 16 to 233p on 3.7m shares, while RMC fell 24 to 598p as 1.4m changed hands. There was little immediate reason for the weaker tone, but one trader suggested the recent strong performance of the buildings group left leading stocks vulnerable to profit-taking.

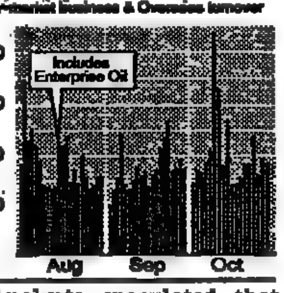
Laporte capitalised on a Kleinwort Benson presentation to investment institutions. Mr Jeremy Chantry of the investment bank is positive on the chemical group, believing a prospective price/earnings multiple of 9 times is not demanding for a stock of Laporte's quality. The shares moved against the wider trend to close 6 up at 500p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



Analysts speculated that rises in Racal Electronics, up 3½ to 167½p, and Racal Telecom, ahead 6 at 282p, were prompted by one US securities house building up a stake in anticipation of issuing a buy recommendation and by the lack of US selling.

A defence seminar with representatives from industry, the ministry of defence and the government failed to inject enthusiasm into the engineering sector and British Aerospace drifted down 7 to 555p in spite of Wednesday's encouraging news from Smiths Industries. Mr Miles Saltiel of Hoare Govett, the brokers which held the seminar, said: "The outlook is one that calls for caution."

TI Group rose 12 to 402p, partly on renewed speculation that Mannesmann, the German engineering group, was about to increase its stake, but also on the back of the encouraging news from Smiths.

Lex, the Volvo importer, was down 6 to 190p on concern that its stocks are not moving.

Renowned for its Robin three-wheel vehicle, shares in small car manufacturer and Metrocab maker Reliant Group more than halved to 3p, from 7p, before being suspended pending the appointment of a receiver for its motor and industrial divisions.

The news was also unfavourable for ERF (Holdings). Hurt by the warning that Dutch rival DAF expected to make "a significant loss" this year, shares of the UK commercial vehicle maker dropped 20 to 118p. DAF said the loss stems from continuing negative trading developments in Western Europe and the UK.

Norton Group, the motorcycle manufacturer, was another to show a reaction. The call on shareholders for fresh funds of £6.5m to finance the acquisition of a German fastener products manufacturer put Norton down 6 to 22p.

The rising oil price helped Lasmo to gain 9 at 448p and BP to close 2¼ better at 341p. Shell was left behind, however, because of consideration of the company's involvement in bulk chemicals in the wake of ICI's third-quarter figures. Shell slipped 6 to 453p.

Richmond Oil & Gas returned from suspension and fell 19 to 101p. The withdrawal of some placees of the recent rights issue has left a greater number of shares with the underwriter, County NatWest.

Pearson continued to recover from last week's weakness. The shares had been held back by major stakeholder News Corporation's bond converting them into Pearson shares. This week's News Corp meeting reassured some of its shareholders of the health of its businesses. Pearson gained 8 to 643p. Turnover was low.

Storehouse declined 7 to 125p after it announced that Mr Bob Mackenzie, the finance director, had left the group. The announcement surprised the market as Storehouse reports its interim figures on November 8 and there was widespread speculation that Mr Mackenzie's departure reflected boardroom disagreements.

Yorkshire Chemicals fell after ICI, the sector leader, spoke of more difficult trading conditions in colours (dyestuffs). Yorkshire, a not very liquid stock, according to dealers, fell 12 to a low for the year of 307p.

Inclusion in the FT-Actuaries indices from today promoted interest in both Cornwell Parker and Amber Day issues. Cornwell Parker, a homes furnishing company which makes Parker Knoll furniture, jumped 22 to 188p, while the "A" shares rose 17 to 130p. Retailer and garment manufacturer Amber Day gained 4 to 57½p.

McLeod Russel, formerly the plantations group and now a producer of specialist surface coatings, slipped 6 further to a 1990 low of 82p.

Carbo was another loser at 200p, down 5, on revived worries about the UK abrasives market. The company's interim results, announced earlier this month, were affected by the tightening in this market.

Water stocks relinquished some of their recent gains. Anglian lost 3 to 238p and Yorkshire Water ended 6 down at 234p. The Water Package also recorded a poor performance on the day, closing £38 weaker at £2,265.

■ Other Market statistics, including the FT-Actuaries share index, Page 26

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
ADT	3,500	105	-6
ASDA Group	7,900	123	-3
Abbey National	1,300	214	+½
Allied-Lyons	678	478	-4½
Amstrad	481	62	
Anglian Water	355	235	-3
Argos	491	243	
Argyll Group	1,100	246	+2
Ass. Brit. Foods	104	393	-3
BAA	650	381	+2
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (5).
BRITISH FUNDS (2) Fd. 6pc 1993, Treas. 9pc 1991, ENGINEERING (1) TACE, FOODS (1) Thorntons, INDUSTRIALS (1) Cornwell Parker "A".
NEW LOWS (79).
AMERICANS (5) Allegheny & Western Energy, Chemical Banking Corp., Citicorp, FPL Grp., Gt. Am. First Savings Bk., CANADIANS (1) Muscocho Expl., BANKS (4) Chancery, Guinness Mahon, Nat. Aust. Bk., Wintrust, BUILDINGS (3) Copson (F.), Explaura Hldgs. Ltd. Vtg., Marshalls, CHEMICALS (3) Amersham Intl., Yorkshire Chems., Yule Catto, STORES (2) Maffett, Vivat Hldgs., ELECTRICALS (6) Astec, Millicom, P & P, Unidare, Utd. Scientific, ENGINEERING (2) SKF AB, Simon Eng., FOODS (2) Cranswick Mill, Treat, INDUSTRIALS (21) Avon Rubber, Bioplan Hldgs., Cannon St. Invs., Carbo, Erskine Hse. 7¼pc Pf., Expamet Intl., Harold Whiting, Lovercrest, Lincoln House, Linton Park, Magnolia Grp., Manpower, McLeod Russel, Norton Grp., PFG Hodgson Kenyon, RPS, Reliant Grp., Sthn. Bus. Grp., UDO, Wilkes (J.), Young (H.), MOTORS (3) Caffyns, Dowty, Flexion Grp., NEWSPAPERS (4) Bristol Eve Post, Portsmouth & Sund., Summer Intl., Do. 7.5pc Cv. Pf., TEXTILES (3) Parkland "A", Yorklyde, Youghal, TRUSTS (4) Ensign Tst., First Charlotte Assets, Fleming Fledgeling, Murray Enterprise, OILS (1) Ex. Co of Louisiana, PLANTATIONS (1) Ross Evans Inv., MINES (4) Bond Intl., Free State Dev., Grootvlei, Pasminco, THIRD MARKET (2) Leading Leisure, Ovoca Gold.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for February 1990: 120.2 and for September 1990: 130.3.

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

CANADIANS

Continued on next page

APPOINTMENTS

Promotions at Racal subsidiary

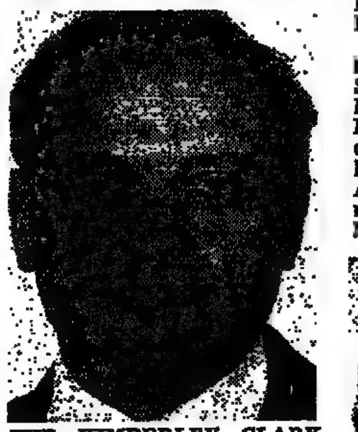
■ RACAL-MESL, Newbridge, Midlothian, part of Racal Electronics, has promoted Dr Eddie Patterson to sales director, and Dr John Arthur to director of signal processing. Dr Patterson was sales and marketing manager, and Dr Arthur was technical manager.

■ Mr John Hinton has been appointed chairman of FALKMAN COMMUNICATIONS, a film and video production company, following the death of its founder Mr Bernard Falk.

■ CUMBERNAULD DEVELOPMENT CORPORATION has appointed Mr David Lind as management services director. He was head of operations, United Arab Emirates, Standard Chartered Bank.

■ ERNST & YOUNG has appointed Mr Nigel Moore as regional managing partner, Eastern Europe. He was director of client services, Europe, and will continue to be based in Brussels and London.

■ WOODWARD GROSVENOR & CO, Kidderminster carpet weavers, has appointed Mr Peter Stoneman as special accounts director, and Mr Peter Ravenhill as design director. Both are internal promotions.

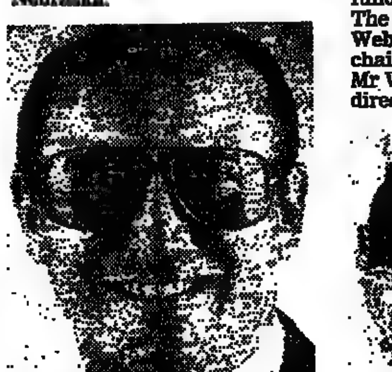


THE KIMBERLEY CLARK CORPORATION, maker of Kleenex, has appointed Mr Nicholas Smith (*pictured*), managing director of Kimberley-Clark Australia, to head the company's business in Europe. He becomes president of European consumer and service and industrial operations, and will be based in the UK.

■ Mr John Qualtrough, who was joint managing director, has become chief executive of the MINERVA GROUP, a software supplier.

■ TELFORD GROUP has appointed Mr David Far as managing director. He joined in September, and had been financial and business adviser to Moseco, a Saudi Arabian company controlled by Telford's chairman Mr Zohair Awartani. Mr Far replaces Mr Labied Razzaq who resigned last month.

■ UNITED PARCEL SERVICES, Richmond, Surrey, has appointed Mr Wayne Housley as business development manager for Europe, Middle East and Africa. He was west region marketing manager in Omaha, Nebraska.



PROVIDENCE CAPITOL FUND MANAGERS has appointed Mr David Pook (*pictured*) as senior dealing manager. He joins from Rothschilds where he was head of sales and marketing.

■ NIELSEN CLEARING HOUSE, Corby, part of the Dun & Bradstreet Corporation, has appointed Mr Simon Gough-Brown to its management board. He was marketing manager.

Lazard Brothers senior posts

■ Mr Jimmy West, currently managing director of Globe Investment Trust, has agreed to join LAZARD BROTHERS & CO from December 1 as a managing director and as chief executive of Lazard Investors, fund management subsidiary. The chief executive, Mr Stuart Webb, will become deputy chairman of Lazard Investors. Mr Webb is also a managing director of Lazard Brothers.

Mr Trevor Foreman (*pictured*) has been appointed head of internal audit at PORTSMOUTH BUILDING SOCIETY. He was with KPMG Peat Marwick McLintock, where the Society was one of his clients.

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9	ABN Amro Fl5.	£9⅞	..	Q28%	2.1	9.0	5.2
303	161	ANZ SA1	163	-2	44c	1.4	11.0	6.5
233	172	Abbey National 10p	214	+½	[illegible]7	4.3	3.6	8.7
*274	128	Allied Irish Ord.	159	...	Q10%	3.3	5.6	7.2
85	47	Anglo Irish	53	..	[illegible]	2.7	7.9	7.6
93	61	Ansbacher (H.) 1p	66	..	2.5	1.3	5.1	19.0
£71¼	£32	Bancaire Cie Fr100	£44⅝	+⅓	Q12½%	-	2.9	-
£22¼	£13⅝	Banco Bilbao Viz.	£15⅝	-⅛	Q49.1%	2.7	5.1	10.7
286	136	Bank Ireland IrE1	154	..	Q14.7%	2.9	8.5	5.4
£19½	£18	Bank Leumi	£19½	.	-	-	-	-
351	320	Bank Leumi (U.K.)	350	.	†15.0	-	5.7	-
129½	100	Bank Scotland	106	-1	†4.55	3.4	5.7	6.8
100¼	83¼	Do. 9¼pc Irrd Pf	93¼	+½	9¼%	-	13.2	-
54	39	Bank of Wales	42	..	2.8	0.8	8.9	(20.2)
428	290	Barclays £1	360	-9	†h19.57	3.5	7.2	5.0
22	11	Benchmark 20p	12	+1	0.75	-	8.3	-
335	238	Brown Shipley £1	240	.	12.0	2.2	6.7	7.8
*435	285	Cater Allen £1	335	...	N24.5	-	9.8	-
179	37	Chancery	37	-2	9.0	2.7	-	1.5
£23¼	£15¼	Commerzbk DM10	£15¼	-⅛	Q18%	-	[illegible]0	-
£13¼	620	Dai Ichi KBk Y50	709	-41	Q17%	6.2	0.5	33.5
[illegible]	£194½	Deutsche Bk DM50	£216½	+¾	Q28%	-	[illegible]2	-
£20⅞	£14½	Espirito Santo.	£15⅜	+⅛	Q75c	5.1	2.5	7.9
253	166	First Nat. Fin. 10p	169	-1	13.0	2.1	10.3	5.8
121	82	FNFC 6.3pc Cv. Pf	86	..	6.3%	-	9.8	-
£13¼	633	Fuji Bank Y50	826	-64	Q17%	♦	0.5	♦
325	262	Gerrard & National	280xd	+6	19.0	-	9.0	-
154	90	Guinness Mahon 10p	90	-1	2.1	-	3.1	-
328	194	Hambros 20p	216	+2	11.5	-	7.1	-
128	88	Do. 7.5pc Cv Pf.	94	..	7½%	-	10.6	-
53¼	31½	HK & Shang HK$2.50	32	..	†hQ38c	-	8.0	-
478	378	Joseph (Leo) £1	378	..	15.85	-	5.6	-
150	105	King & Shaxson 20p	118	+1	10.25	-	11.6	-
422	262	Kleinwort Benson Grp.	280	+2	16.0	2.5	7.6	6.6
643	316	Kyowa Bank Y50	348	[illegible]	Q14%	♦	0.8	♦

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

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LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES – Contd

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY – Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST – Contd

[illegible]

INVESTMENT TRUST – Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS – Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- § Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ■ No par value

B.Fr. Belgian Francs. Fr. French Francs ●● Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1 ... γ	700	......
Finlay Pkg. 5p ... γ	40	......
Holt (Jos) 25p ... γ	1310	+5

IRISH

Cap. 8½% Ln. 1991	£98¼	......
9pc Cap Ln. 1996	£93¼	......
Fin. 13% 97/02	£110¼	......
Arnotts	180	......
Carrol (P.J.) ... α	152	......
Hall (R. & H.)	165	......
Helton Hldgs ... γ	46	–9
IRG	159¼	......
United Drug	130	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	40
Amstrad	6
Astec (BSR)	4½
BAT	45
BOC Grp.	39
BTR	29
Barclays	27
Blue Circle	17
Boots	21
Bowaters	41
Brit Aerospace	43
British Steel	13
Brit. Telecom	22
Cadburys	26
Charter Cons	37
Comm Union	37
Courtaulds	25
Eurotunnel	40
FKI	5½
FNFC	20
Gen Accident	37
GEC	14
Glaxo	57
Grand Met	44
Guardian	15
GKN	27
Hanson	16
Hawker Sidd	39
ICI	70
Ladbroke	22
Legal & Gen	29½
Lex Service	20
Lloyds Bank	21
Lucas Inds	11
Marks & Spencer	18
Midland Bk	20
Nat West Bk	18
P & O Dfd	42
Polly Peck	40
Racal Elect	14
RHM	23
Rank Org Ord	49
Reed Intal	30
STC	19½
Sears	8½
SmKl. Beecham A	44
TI	37
TSB	10
Tesco	19
Thorn EMI	49
Trust Houses	21
T&N	14
Unilever	58
Vickers	19
Wellcome	38

Property

Brit Land	24
Control Secs	3½
Land Securities	42
MEPC	38
Mountleigh	11

Oils

Aviva Petlm	3½
Brit Petroleum	28
Burmah Castrol	44
Conroy Petlm	20
Gaelic Res	2
Premier	8½
Shell	40
Tuskar Res	6
Ultramar	31

Mines

Lonrho	21
RTZ	40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

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AUTHORISED UNIT TRUSTS

Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

[illegible]

[illegible]
Centre Point,
[illegible] New Oxford Street, London [illegible]
Tel: 071 – [illegible]

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Target Trust Mngrs Ltd (1600)F						
Target Hse, Gatehouse Rd, Aylesbury, Bucks.						
Admin 0296 394000 Dealing 0296 312156						
American Eagle	5	56.67	56.67	60.51	-0.21	1.27
Australia	5	5.502	5.502	5.890	...	0.53
Equity	5	139.5	139.5	150.0	-1.0	5.13
Euro Spec Sits	5	99.92	99.92	107.4	-0.1	0.64
Financial	5	24.50	24.50xd	26.37	-0.15	3.29
Global Opps Inc	5	57.74	57.74xd	62.08	-0.03	0.00
Global Opps Acc	5	58.17	58.17	62.54	-0.04	0.00
Gold & Gen Inc	5	35.81	35.81xd	38.50	-0.51	1.04
Gold & Gen Acc	5	66.74	66.74	71.75	-0.94	1.04
Income	5	86.65	86.65xd	93.31	-0.91	6.64
Japan & General	5	119.3	119.3	128.4	+2.90	0.00
Preference Share	5	17.41	17.41xd	18.74	-0.08	14.16
UK Capital	5	76.82	76.82	82.50	-0.96	4.23
World Income	5	53.11	53.11xd	57.00	-0.56	6.20
Worldwide Capital	5	146.6	146.6	157.7	-0.8	3.47
Templeton Unit Trust Managers Ltd (1200)F						
Atholl Crescent, Edinburgh EH3 8HA 031 228 3932						
Global Growth Acc	6	91.52	92.21	98.63	-1.17	3.66
Global Growth Inc	6	87.93	88.60	94.76	-1.13	3.66
Global Balanced Acc	6	92.04	92.53	98.96	-0.92	4.88
Global Balanced Inc	6	85.75	86.20	92.20	-0.85	4.88
Value Tst Acc	6½	68.11	69.15	73.95	-0.7	4.65
Value Tst Inc	6½	66.41	67.42	72.11	-0.68	4.65
Intl Pen & Ch'ties Inc ♥	2	88.52	89.82	94.30	...	3.84
Intl Pen & Ch'ties Acc ♥	2	85.42	86.68	91.00	...	3.84
Thornhill Unit Trust Managers Ltd (1200)F						
28 St John's Sq, London EC1M 4AE 071-251 6767						
Capital	5	46.37	46.63	49.60	...	–
Overseas	5	39.95	40.11	42.66	...	–
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq., London W1M 0DH 071-493 7262						
Dealing 071-493 8545						
American Opps	5	40.56	40.56	43.26	-0.52	0.26
(Accum Units)	5	41.74	41.74	44.52	-0.53	0.26
Cash	0	50.74	50.74	50.74	+0.01	13.67
Accum Units	0	50.74	50.74	50.74	+0.01	13.67
European Opps ♦	5	59.66	59.66	63.47	+0.06	0.00
(Accum Units) ♦	5	59.99	59.99	63.82	+0.06	0.00
Far Eastern Opps	5	103.56	103.81	110.72	+0.60	0.00

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

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National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	304.4	320.5	-1.0	-
UK Equity	381.9	402.0	-3.1	-
Overseas Eq	293.9	309.4	+0.2	-
American	208.6	219.6	-1.5	-
Far East	318.7	335.5	+3.6	-
Property	191.0	201.1	...	-
Fixed Int	231.6	243.8	+0.5	-
Indexed Gilt	144.0	151.6	+0.5	-
Deposit	171.3	180.4	+0.1	-
Pension Fund (Accum Units)				
Managed	420.6	442.8	-1.7	-
UK Equity	485.6	511.2	-4.0	-
Overseas Eq	482.8	508.3	-0.1	-
American	276.4	291.0	-2.4	-
Far East	531.7	559.7	+6.8	-
Property	237.1	249.6	...	-
Fixed Int	281.0	295.8	+0.5	-
Indexed Gilt	158.1	166.5	+0.5	-
Deposit	235.3	247.7	+0.1	-
NPI Pensions Management Ltd				
Managed Fund	908.9	925.1	...	-

Prices Oct 1 Next dealing Nov 1

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 686787

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	61.3	64.5	-0.3	-
Stock Market Mngd Fund	57.8	60.9	-0.3	-
Equity Fund	65.5	68.9	-0.7	-
International Fund	51.2	53.9	+0.1	-
European Fund	62.6	65.9	+0.1	-
North American Fund	47.6	50.1	-0.2	-
Pacific Fund	53.5	56.3	+0.2	-
Property Fund	87.6	92.2	...	-
Fixed Interest Fund	52.5	55.3	+0.1	-
Index Linked Sec Fund	58.4	61.5	+0.2	-
Deposit Fund	65.7	[illegible]	...	-
NUAM Retirement Plans				
Mixed Fund	66.3	69.8	-0.2	-
UK Ordinary Share Fd	75.3	79.2	-0.5	-
International Fund	55.6	58.5	+0.1	-
Property Fund	84.5	88.9	...	-
Fixed Interest Fund	62.7	66.0	+0.1	-
Index Linked Sec Fund	61.8	65.0	+0.2	-
Deposit Fund	76.2	80.3	+0.1	-
NUAM (NF)				
Managed Fund	867.8	913.5	-3.7	-
Equity Fund	1804.8	1899.8	-15.5	-
International Fund	135.2	142.4	+0.2	-
Property Fund	554.0	583.2	...	-
Fixed Interest Fund	393.7	414.5	+0.5	-
Index Linked Sec Fund	59.5	62.7	+0.2	-
Deposit Fund	270.3	284.6	+0.1	-

Norwich Union Life Insurance Soc.
Surrey Street, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Life				
With Profits Fd	105.64	111.20	+0.03	-
Managed Fd	82.67	87.02	-0.31	-
UK Ord Share Fd	85.77	90.28	-0.65	-
International Fd	75.72	79.71	+0.09	-
European Fd	86.63	91.19	+0.12	-
North American Fd	72.55	76.37	-0.22	-
Pacific Fd	67.76	71.32	+0.34	-
Property Fd	100.51	105.81	+0.02	-
Fixed Int Fd	94.51	99.48	+0.10	-
Intl Bond Fd	87.07	91.65	-0.12	-
Deposit Fd	106.31	111.91	+0.03	-
Unitised Pensions				
With Profits Fd	139.34	146.67	+0.05	-
Managed Fd	132.90	139.90	-0.41	-
UK Equity Fd	139.25	146.58	-0.83	-
International Fd	132.01	138.96	+0.24	-
European Fd	139.23	146.56	+0.20	-
North American Fd	121.31	127.69	-0.36	-
Pacific Fd	99.75	105.00	+0.49	-
Property Fd	153.62	161.70	+0.01	-
Fixed Int Fd	111.03	116.87	+0.16	-
Intl Bond Fd	111.81	117.69	-0.13	-
Bldg Soc Dep Fd	133.10	140.11	+0.05	-
Pensionmaster & Unit-Linked Plan				
Mixed Fund	360.2	379.2	+6.7	-
Ordinary Share Fund	527.6	555.4	+8.9	-
International Fund	141.6	149.1	+5.8	-
Property Fund	260.6	274.3	+0.2	-
Fixed Interest Fund	312.3	328.7	+1.2	-
Index-Linked Sec Fund	173.6	182.7	+0.6	-
Deposit Fund	237.9	250.4	+0.6	-
Norwich Units Oct 15		903.81	...	

*Prices as at October 23

	Bid Price	Offer Price	+ or -	Yield Gross
Jersey Investment Plan				
With Profits Fund	103.85	109.31	+0.04	-
Intl Equity Fund	76.75	80.79	+0.09	-
Intl Bond Fund	95.23	100.24	+0.46	-

Providence Capital Life Assc. Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Total Investment Bond				
UK Equity Initial	130.3		-0.9	-
UK Fixed Int Initial	107.4			-
Intl Equities Initial	105.8		+0.3	-
UK Managed Initial	105.9		-0.3	-
Property Initial	165.9		...	-
Money Initial	84.0		+0.1	-
Special Market Initial	96.6		-0.8	-
Japan Equity Initial	79.8		+2.2	-
North American Initial	62.2		-0.1	-
Pacific Initial	62.3		+0.3	-
Technology Initial	83.3		-0.5	-
Nat Resources Initial	43.6		+0.1	-
European Initial	65.01		-0.2	-
Residential Prop Init	93.9		..	-
Swiss Equities Initial	31.2			-
Hong Kong Initial	44.4		-0.2	-
UK High Inc Eq Init	58.6		-0.3	-
Int Fixed Interest Init	49.4			-
Int Managed Init	50.3		+0.1	-
HIP Managed Init	94.6		+0.2	-
HIP Managed II Initial	85.8		-0.2	-
Broker Funds				
High Performance	62.3	65.7	+0.2	-
Towcroll Mngd Fd Acc	36.4	38.3	+0.2	-
YRA Executive Fd	85.1	89.7	+0.6	-
£ Global Growth Acc	114.1	120.3	+0.5	-
£ High Income Money Acc	132.1	139.3	.....	-
IM Balanced	47.3		...	-
H F Speculator Fd	116.1		+0.2	-
PEP Acorn II	103.2		-0.1	-
PEP Cautionary	66.9		...	-
A&FS Int Man Fund	109.1		-0.3	-
Andrews-Green Inv Pen	78.5		-0.3	-
Individual Pension Funds				
UK Equity Acc	205.6	216.9	-1.5	-
UK Fixed Interest Acc	194.7	205.4	+0.1	-
Intl Equities Acc	199.3	210.3	+1.0	-
UK Managed Acc	166.6	175.7	-0.5	-
Property Acc	211.4	223.1	.....	-
Money Acc	149.4	157.6	+0.1	-
Special Market Acc	194.5	205.2	-1.5	-
Japan Equity Acc	161.7	170.6	+4.5	-
North American Acc	97.9	103.3	-0.2	-
Pacific Acc	149.0	157.2	+0.7	-
Technology Acc	134.7	142.1	-0.9	-
Natural Resources Acc	85.31	90.0	+0.2	-
European Acc	108.8	114.8	-0.3	-
Residential Prop Acc	103.4	109.1	...	-
Swiss Equities Acc	32.5	34.3	-0.1	-
Hong Kong Acc	46.8	49.4	-0.1	-
UK High Inc Equ Acc	65.7	69.4	-0.3	-
Int Fixed Interest Acc	53.6	56.6	.....	-
Int Managed Acc	52.3	55.1	+0.1	-
Group Pension Funds				
Equity Acc	691.4	712.8	.....	-
Fixed Interest Acc	573.6	591.4	+2.1	-
Managed Acc	117.6	119.9	.....	-

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Unit Fund (Mixed)	971.2	1019.8	-2.1	-
Equity Fund	220.1	231.1	-0.7	-
International Fd	123.8	130.0	-0.4	-
Fixed Interest Fd	159.1	167.1	+0.1	-
Property Fund	226.0	237.3	.....	-
Index-Linked Fund	147.0	154.4	.....	-
Deposit Fund	156.3	164.1	+0.1	-
Pens Mixed (Ord) Fd	237.0	248.9	+0.4	-
Gold Pensions				
Discretionary Fund		115.5	-0.2	-
Equity Fund		113.8	-0.3	-
Fixed Interest Fund		116.4	+0.1	-
International Fund		95.5	-0.5	-
Property Fund		138.5	.....	-
Index-Linked Fund		122.8	.....	-
Deposit Fund		134.2	+0.1	-
S & F Consolidation		122.1	-0.1	-
S & F Balanced		120.3	-0.3	-
S & F Maximum Growth		88.6	-0.5	-

Provident Mutual Life Assc. Assn.
Wilton Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	311.4	327.8	-1.9	-
Managed Init	239.8	252.4	-1.5	-
Equity Ord	446.7	470.2	-4.9	-
Equity Init	343.9	362.0	-4.6	-
Index Linked Gilt Ord	147.5	155.3	+0.5	-
Index Linked Gilt Init	118.6	124.8	+0.3	-
Overseas Equity Ord	241.1	253.8	+0.4	-
Overseas Equity Init	185.6	195.4	+0.3	-
Property Ord	[illegible]	230.3	+0.1	-
Property Init	168.4	177.3	...	-
Fixed Interest Ord	182.9	192.5	+0.2	-
Fixed Interest Init	140.8	148.2	+0.1	-

Sun Alliance International Life
PO Box 77 New St, St Peter Port, Guernsey 0481 714108

	Bid Price	Offer Price	+ or -	Yield Gross
Nato American Equity $	$7.55	8.13		-
Pacific Equity $	$7.28	7.88		-
Intl Currency $	$3.24	4.57	..	-
Intl Bond Fund $	$6.81	7.38		-
Gilt Fund £	£3.93	4.25		-
US Dollar Mngd Fd $	$1.55	1.67		-
Stlg Managed Fd £	£0.99	2.06	...	-

Target International Group
1 rue Emile Bian, Luxembourg Tlx 2909 Tel 4050751

	Bid Price	Offer Price	+ or -	Yield Gross
Sterling Pens Plan	£0.71	0.77	+0.01	-
US Dollar Pens Plan	$0.69	0.75		-
Yen Pens Plan	Y237	253	+11	-
Ecu Pens Plan	Ecu0.64	0.69	+0.01	-
Sterling Man Fd	£0.94	1.05	-0.01	-
Sterling Fixed Int Fd	£1.54	1.63	+0.01	-
US Dollar Man Fd	$1.16	1.23	+0.09	-
US Dollar Fixed Int Fd	$2.40	1.49	+0.01	-
Ecu Bond Fd	Ecu1.08	1.14		-
Target Global Mngd	Ecu-	-	..	-
Target N European	DKr-	-		-
Davenport Cldwck £ Fd	£0.77	0.84	+0.01	-
Davenport Cldwck $ Fd	$0.49	0.53	-0.01	-
Davenport Chad C F I	£1.08	1.17	+0.01	-
LWI Universal Stg Mgd	£0.76	0.79	+0.01	-
LWI Universal $ Mngd	$0.61	0.65	-0.01	-
Matheson £ Pens	£0.75	0.80	+0.02	-
Matheson $ Pens	$0.80	0.85	+0.01	-
EDM MIM £	£0.85	0.92	.	-
EDM MIM $	$0.94	1.02		-
Royal Wessex Fund	£0.71	0.740	+0.005	-
Wessex Special Sits	£1.00	1.041	+0.005	-
Prolifico $ Managed	$0.93	0.972	+0.013	-
Prolifico £ Managed	£0.99	1.032	+0.014	-
Argent Stg Bloco		£10.60	...	
Argent Stg Equity Gth		£11.86		
OFS/James Capel Mgd Gr £		£1.00		
OFS/James Capel Mgd Gr $		$1.09		
OFS Aggressive $		$0.91		
OFS Mngd Growth $		$1.13		

J. D. Ward Financial Services Ltd
9 Kingsway London, WC2 B6XF 071-836 4321

	Bid Price	Offer Price	+ or -	Yield Gross
Target Mngd Bond	186.2	196.0	+0.3	-
Target Mngd Pension	113.1	119.1	+0.1	-
Albany Life Acc	167.2	175.9		-
Albany Pens Acc	207.2	218.0		-

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Orion Fund Limited
6 Front St, Hamilton, HM11, Bermuda 809 295 4000

	Init Charge	Cans. Price	Bid Price	Offer Price	+ or -	Yield Grs
Orion		5-	9.8407			-

CANADA (SIB RECOGNISED)

Ivory & Sime Pembroke Inc

OFFSHORE INSURANCES

MANAGEMENT SERVICES

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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JERSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar in consolidation period

LACK OF economic *factors* turned attention towards chart-based trends yesterday. The *dollar* was slightly firmer against European currencies but failed to fulfil *expectations* of an advance against the Japanese yen.

Dealers spoke of a period of consolidation after the dollar's recent fall. It touched a 21-month low of Y124.05 in Tokyo last Friday but has since *rebounded*, even though there has been little news to move the market. A build up of short dollar positions against the yen failed to push the US currency *through* Y124.00 and has been followed by nervous short covering this week.

Yesterday's fall to Y127.20 from Y128.00 at the London close was seen *as a short term* correction, but not necessarily an end to the upward trend. The longer term remains clouded by the Gulf crisis and difficulties in resolving plans to cut the US budget deficit. In terms of European currencies the dollar rose to DM1.5135 from DM1.5070; to SFr1.2770 from SFr1.2680; and to FFr5,0670 from FFr5.0425. Its index fell to 60.3 from 60.5.

Sterling showed mixed changes. It was suggested that the pound may be vulnerable on interest rate factors, but it will probably take fresh news *to push the currency down and* all the important economic figures due this month have now been released.

Mr John Major, UK chancel*lor of the exchequer, told par*liament that the government has succeeded in getting demand to fall and that inflation will follow it down.

Mr Robin Leigh-Pemberton, governor of the Bank of England, said at a conference in Berlin that he was confident inflationary pressures are abating. He added that Britain is strongly committed to market liberalisation but has doubts about the approach of many countries to economic and monetary union.

Also speaking in Berlin, Mr Karl Otto Pöhl, president of the *Bundesbank, suggested that* Britain's hard Ecu proposals contained risks and had no advantages over the Delors plan. He rejected the idea that *monetary policy could be* divided between more than one authority.

Mr Reimut Joachimsen, a member of the Bundesbank *central council, speaking in* Duesseldorf, questioned Britain's motives for joining the exchange rate mechanism *of the European Monetary System*. He said it was the result of domestic pressure rather than a commitment to European goals. He warned that it could increase the number of *realignments in the system.*

Sterling fell 45 points to $1.9535 and declined to Y248.50 from Y250.50, but improved to DM2.9575 from DM2.9500; to FFr9.8975 from FFr9.8725; and to SFr2.4950 from SFr2.4825. The pound's index was *unchanged at 94.6.*

Within the ERM sterling was 0.21 per cent above the lowest placed Italian lira, against 0.17 per cent on Wednesday.

£ IN NEW YORK

Oct.25	Latest	Previous Close
£ Spot	1.9540-1.9550	1.9595-1.9605
1 month	0.98-0.96pm	0.96-0.94pm
3 months	2.74-2.71pm	2.73-2.71pm
12 months	8.54-8.47pm	8.55-8.45pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Oct.25	Previous
8.30	am	94.6	94.4
9.00	am	94.6	94.4
10.00	am	94.5	94.4
11.00	am	94.5	94.5
Noon		94.6	94.5
1.00	pm	94.6	94.5
2.00	pm	94.5	94.5
3.00	pm	94.5	94.5
4.00	pm	94.6	94.6

CURRENCY MOVEMENTS

Oct.25	Bank of England Index	Morgan** Guaranty Changes %
Sterling	94.6	-17.8
U.S Dollar	60.3	-18.6
Canadian Dollar	100.7	-1.0
Austrian Schilling	109.8	+11.9
Belgian Franc	112.8	-2.0
Danish Krone	111.0	+8.4
Deutsche Mark	119.8	+25.2
Swiss Franc	115.2	+23.9
Guilder	114.8	+16.4
French Franc	105.7	-11.0
Lira	99.7	-19.4
Yen	138.0	+72.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Oct.24.

CURRENCY RATES

Oct 25	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.736749	0.697378
U S Dollar	7	1.43283	1.36612
Canadian $	12.82	1.67426	1.59200
Austrian Sch	6½	15.3098	14.4962
Belgian Franc	10½	44.7616	42.4176
Danish Krone	10½	8.30660	7.86307
Deutsche Mark	6.00	2.17561	2.06105
Neth Guilder	7.00	2.44942	2.32275
French Franc	10¼	7.27806	6.89930
Italian Lira	12½	1628.49	1542.58
Japanese Yen	6	183.760	173.165
Norway Krone	8	8.46229	8.01334
Spanish Peseta	–	136.334	129.045
Swedish Krona	11	8.06466	7.63783
Swiss Franc	6.00	1.83187	1.73484
Greek Drach	20½	N/A	207.976
Irish Punt	–	N/A	0.768690

† European Commission Calculations. All SDR rates are for Oct.24

OTHER CURRENCIES

Oct 25	£	$
Argentina	11222.2 - 11247.5	5730.00 - 5740.00
Australia	2.4860 - 2.4880	1.2725 - 1.2735
Brazil	191.540 - 193.010	97.80 - 98.50
Finland	7.0125 - 7.0265	3.5840 - 3.5870
Greece	295.35 - 300.10	150.75 - 153.15
Hong Kong	15.2340 - 15.2495	7.7845 - 7.7865
Iran	125.00*	64.10*
Korea(Sth)	1380.35 - 1402.65	714.10 - 719.70
Kuwait	N/A	N/A
Luxembourg	60.70 - 60.80	31.05 - 31.15
Malaysia	5.2825 - 5.2955	2.6950 - 2.7010
Mexico	5709.55 - 5716.35	2916.00 - 2918.00
N Zealand	3.2100 - 3.2150	1.6400 - 1.6420
Saudi Ar.	7.3330 - 7.3670	3.7490 - 3.7510
Singapore	3.3375 - 3.3455	1.7110 - 1.7130
S.Af (Cm)	4.9585 - 4.9705	2.5360 - 2.5375
S.Af (Fn)	7.2790 - 7.4170	3.7175 - 3.7880
Taiwan	53.45 - 53.55	27.30 - 27.35
U.A.E.	7.1805 - 7.2155	3.6710 - 3.6740

* Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Oct 25	% change from central rate	% spread vs weakest narrow band currency	Divergence indicator
Spanish Peseta	133.631	129.045	-3.43	3.85	60
Belgian Franc	42.4032	42.4176	0.03	0.25	2
French Franc	6.89509	6.89930	0.06	0.22	1
Sterling	0.696904	0.697378	0.07	0.21	-1
Irish Punt	0.767417	0.768690	0.17	0.12	-4
German D-Mark	2.05586	2.06105	0.25	0.03	-11
Danish Krone	7.84195	7.86307	0.27	0.01	-9
Dutch Guilder	2.31643	2.32275	0.27	0.01	-9
Italian Lira	1538.24	1542.58	0.28	0.00	-10

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads, the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Oct 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9530 - 1.9620	1.9530 - 1.9540	0.97-0.95cpm	5.90	2.74-2.71pm	5.58
Canada	2.2750 - 2.2900	2.2815 - 2.2825	0.34-0.27cpm	1.60	0.87-0.73pm	1.40
Netherlands	3.32¼ - 3.33½	3.32¼ - 3.33¼	1½-1¼cpm	4.95	4¼-4⅛pm	5.10
Belgium	60.55 - 60.95	60.70 - 60.80	30-22cpm	5.14	80-65pm	4.77
Denmark	11.24¼ - 11.28½	11.24¼ - 11.25¼	3⅞-3⅛orepm	3.90	10¼-9½pm	3.61
Ireland	1.0980 - 1.1100	1.1025 - 1.1035	0.44-0.39cpm	4.51	1.10-0.97pm	3.75
Germany	2.95 - 2.96	2.95½ - 2.96	1½-1¼pfpm	5.58	3¾-3⅝pm	4.98
Portugal	258.95 - 260.50	259.50 - 260.50	30-par	N/A	60-112dis	-1.32
Spain	184.45 - 185.45	184.70 - 185.00	4-12cdis	-0.52	20-32dis	-0.56
Italy	2208 - 2215½	2213½ - 2214½	6-4lirepm	2.71	16-12pm	2.53
Norway	11.44¼ - 11.50¼	11.44¼ - 11.45¼	3⅛-2⅝orepm	3.14	8¼-7½pm	2.73
France	9.87¼ - 9.90½	9.89¼ - 9.90¼	3¼-3⅛cpm	3.94	9⅛-8⅝pm	3.66
Sweden	10.91¼ - 10.97	10.94¼ - 10.95¼	2¼-2⅛oredis	-2.60	4¼-4⅛dis	-1.64
Japan	248 - 249½	248 - 249	1¼-1⅛ypm	6.04	3⅛-3¼pm	5.43
Austria	20.75 - 20.80	20.75 - 20.78	10¼-9¼gropm	5.85	26¼-24pm	4.83
Switzerland	2.48¾ - 2.50	2.49 - 2.50	1¼-1⅛cpm	5.71	3¼-3⅛pm	5.41
ECU	1.4240 - 1.4300	1.4280 - 1.4290	0.50-0.47cpm	4.07	1.37-1.32pm	3.77

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.00-4.95cpm . 12 Month 8.60-8.50cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Oct 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9530 - 1.9620	1.9530 - 1.9540	0.97-0.95cpm	5.90	2.74-2.71pm	5.58
Ireland†	1.7735 - 1.7800	1.7735 - 1.7745	0.25-0.20cpm	1.52	0.84-0.74pm	1.78
Canada	1.1650 - 1.1695	1.1670 - 1.1680	0.41-0.43cdis	-4.32	1.21-1.26dis	-4.23
Netherlands	1.6960 - 1.7085	1.7055 - 1.7065	0.01-0.03cdis	-0.14	0.13-0.16dis	-0.34
Belgium	30.95 - 31.15	31.05 - 31.15	1-3cdis	-0.77	3-7dis	-0.64
Denmark	5.74 - 5.76¼	5.75¼ - 5.76	0.60-1.10oredis	-1.98	2.60-3.20dis	-2.01
Germany	1.5030 - 1.5120	1.5130 - 1.5140	0.02-0.04pfdis	-0.24	0.17-0.20dis	-0.49
Portugal	132.80 - 133.25	133.10 - 133.20	50-65cdis	-5.18	220-240dis	-6.91
Spain	94.30 - 94.80	94.70 - 94.80	48-52cdis	-6.33	141-150dis	-6.14
Italy	1126 - 1132½	1133¼ - 1133¾	2.50-3.00liredis	-2.91	8.00-9.00dis	-3.00
Norway	5.85 - 5.87¼	5.86¼ - 5.86¾	1.15-1.50oredis	-2.71	3.95-4.45dis	-2.87
France	5.03¼ - 5.06¼	5.06¼ - 5.07	0.76-0.85cdis	-1.91	2.27-2.46dis	-1.87
Sweden	5.58¼ - 5.60¼	5.60¼ - 5.60¾	3.70-4.10oredis	-8.35	9.50-10.60dis	-7.17
Japan	126.20 - 127.65	127.15 - 127.25	0.02ydis-par	-0.09	0.02-0.05dis	-0.11
Austria	10.58¼ - 10.62	10.61¼ - 10.62	0.40-0.75grodis	-0.65	1.85-2.30dis	-0.87
Switzerland	1.2665 - 1.2775	1.2765 - 1.2775	0.02dis-0.02cpm	-	0.02dis-0.03pm	0.02
ECU	1.3695 - 1.3750	1.3705 - 1.3715	0.21-0.19cpm	1.75	0.62-0.60pm	1.78

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Oct 25	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14 - 13⅞	14 - 13¾	14 - 13⅞	13⅞ - 13⅝	13⅝ - 13½	13¼ - 13
US Dollar	8 - 7¾	8 - 7¾	8⅛ - 7⅞	8⅛ - 8	8⅛ - 8	8⅛ - 8
Can Dollar	12½ - 12¼	12½ - 12¼	12½ - 12¼	12⅜ - 12¼	12⅜ - 12⅛	12 - 11⅞
D Guilder	7⅞ - 7¾	7⅞ - 7¾	8⅛ - 8	8⅛ - 8	8⅛ - 8	8⅜ - 8¼
Sw. Franc	8⅛ - 8	8 - 7⅞	8 - 7⅞	8⅛ - 8	8⅛ - 8	8⅛ - 8
Deutschmark	8¼ - 8	8¼ - 8⅛	8¼ - 8⅛	8⅜ - 8¼	8⅝ - 8½	9 - 8⅞
Fr. Franc	10 - 9⅞	9⅞ - 9⅝	9⅞ - 9⅝	10 - 9⅞	10⅛ - 10	10⅛ - 10
Italian Lira	13 - 11	11¼ - 10⅛	11 - 10⅛	11⅛ - 10⅞	11⅝ - 11	11⅞ - 11⅜
Belgian Franc	9⅝ - 8⅞	9 - 8⅝	9 - 8⅞	9 - 8⅞	9⅛ - 8⅞	9⅛ - 9
Yen	8 - 7⅞	8 - 7⅞	8 - 7⅞	8⅛ - 8	8⅛ - 8	8 - 7⅞
D. Krone	10⅝ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 10	10⅛ - 10	10⅛ - 10
Asian $Sing	8⅛ - 8	8⅛ - 8	8⅛ - 8	8⅛ - 8	8⅛ - 8	8⅛ - 8

Long term Eurodollars: two years 8⅛-8⅛ per cent; three years 8⅜-8¼ per cent; four years 8⅞-8⅝ per cent; five years 9-8⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Oct.25	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.954	2.958	248.5	9.898	2.495	3.333	2214	2.282	60.75
$	0.512	1	1.514	127.2	5.066	1.277	1.706	1133	1.168	31.09
DM	0.338	0.661	1	84.01	3.346	0.843	1.127	748.5	0.771	20.54
YEN	4.024	7.863	11.90	1000.	39.83	10.04	13.41	8909	9.183	244.5
F Fr.	1.010	1.974	2.988	251.1	10.	2.521	3.367	2237	2.306	61.38
S Fr.	0.401	0.783	1.186	99.60	3.967	1	1.336	887.4	0.915	24.35
H Fl.	0.300	0.586	0.887	74.56	2.970	0.749	1	664.3	0.685	18.23
Lira	0.452	0.883	1.336	112.2	4.471	1.127	1.505	1000.	1.031	27.44
C $	0.438	0.856	1.296	108.9	4.337	1.093	1.461	970.2	1	26.62
B Fr.	1.646	3.216	4.869	409.1	16.29	4.107	5.486	3644	3.756	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Dec	Mar	Puts-settlements Dec	MAR
81	3-21	4-30	0-11	0-46
82	2-31	3-38	0-21	1-00
83	1-46	2-60	0-36	1-22
84	1-06	2-24	0-60	1-50
85	0-41	1-56	1-32	2-18
86	0-24	1-29	2-14	2-55
87	0-14	1-07	3-04	3-33
88	0-08	0-50	3-62	4-15

Estimated volume total, Calls 889 Puts 1295
Previous day's open int. Calls 18112 Puts 25452

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Dec	Mar	Puts-settlements Dec	MAR
88	3-37	3-54	0-29	1-04
89	2-46	3-15	0-52	1-27
90	1-61	2-40	0-47	1-54
91	1-32	2-07	1-08	2-21
92	0-55	1-43	1-41	2-57
93	0-33	1-20	2-19	3-34
94	0-20	1-00	3-06	4-14
95	0-11	0-48	3-61	4-62

Estimated volume total, Calls 5 Puts 250
Previous day's open int. Calls 1922 Puts 2426

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Dec	Mar	Puts-settlements Dec	MAR
8050	1.72	1.95	0.14	0.63
8100	1.29	1.60	0.21	0.80
8150	0.90	1.30	0.32	1.00
8200	0.59	1.03	0.51	1.23
8250	0.36	0.83	0.78	1.53
8300	0.21	0.66	1.13	1.86
8350	0.10	0.51	1.52	2.21
8400	0.06	0.38	1.98	2.58

Estimated volume total, Calls 5184 Puts 7971
Previous day's open int. Calls 57792 Puts 104991

LIFFE EUROMARK OPTIONS
DM1m points of 100%

Strike Price	Calls-settlements Dec	Mar	Puts-settlements Dec	MAR
9050	0.82	0.80	0	0.06
9075	0.59	0.59	0.02	0.10
9100	0.36	0.40	0.04	0.16
9125	0.16	0.24	0.09	0.25
9150	0.05	0.14	0.23	0.40
9175	0.02	0.07	0.45	0.58
9200	0	0.03	0.68	0.79
9225	0	0.01	0.93	1.02

Estimated volume total, Calls 900 Puts 757
Previous day's open int. Calls 16861 Puts 18647

LIFFE EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls-settlements Dec	Mar	Puts-settlements Dec	MAR
9125	0.83	1.06	0	0.04
9150	0.59	0.83	0.01	0.06
9175	0.36	0.62	0.03	0.10
9200	0.18	0.44	0.10	0.17
9225	0.08	0.29	0.25	0.27
9250	0.03	0.18	0.45	0.41
9275	0.01	0.11	0.68	0.59
9300	0	0.06	0.92	0.79

Estimated volume total, Calls 105 Puts 0
Previous day's open int. Calls 3056 Puts 2402

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Dec	Mar	Puts-settlements Dec	MAR
8575	0.86	1.96	0.02	0.02
8600	0.63	1.72	0.04	0.03
8625	0.42	1.48	0.08	0.04
8650	0.26	1.25	0.17	0.06
8675	0.15	1.02	0.31	0.08
8700	0.08	0.81	0.49	0.12
8725	0.05	0.63	0.71	0.19
8750	0.03	0.47	0.94	0.28

Estimated volume total, Calls 5463 Puts 1240
Previous day's open int. Calls 64814 Puts 56672

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Dec	84-05	84-19	83-30	84-13
Mar	84-19	84-30	84-30	84-28
Jun	84-26			85-03

Estimated volume 11960 (10920)
Previous day's open int. 32592 (32840)

US TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Dec	91-07	91-11	90-26	90-26
Mar	90-25			90-12
Jun	90-13			90-00

Estimated volume 2283 (2828)
Previous day's open int. 6955 (7198)

6% NOTIONAL GERMAN GOVT. BUND
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Dec	82.08	82.24	82.03	82.05
Mar	81.80	81.95	81.74	81.80
Jun	81.70			81.70

Estimated volume 27007 (33945)
Previous day's open int. 96212 (96333)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND
Y100m 100ths of 100%

	Close	High	Low	Prev.
Dec	91.34	91.37	91.22	90.95
Mar	91.43			91.01

Estimated volume 77 (165)
Previous day's open int. 653 (678)

THREE MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Dec	86.59	86.62	86.58	86.58
Mar	87.69	87.72	87.67	87.68
Jun	88.40	88.43	88.40	88.41
Sep	88.60	88.62	88.59	88.59
Dec	88.55	88.56	88.54	88.55
Mar	88.32	88.33	88.32	88.31
Jun	88.25	88.26	88.25	88.25
Sep	88.24	88.24	88.24	88.23
Dec	88.29			88.24
Mar	88.28			88.23
Jun	88.28			88.26
Sep	88.28			88.26

Est. Vol. (inc. figs. not shown) 17029 (15248)
Previous day's open int. 150267 (154293)

THREE MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Dec	92.08	92.09	92.03	92.01
Mar	92.27	92.29	92.21	92.21
Jun	92.25	92.26	92.21	92.19
Sep	92.10	92.08	92.07	92.07
Dec	91.81	91.77	91.76	91.77
Mar	91.66	91.63	91.61	91.62
Jun	91.51	91.48	91.46	91.47
Sep	91.39	91.36	91.36	91.35

Est. Vol. (inc. figs. not shown) 3038 (2919)
Previous day's open int. 39988 (39880)

THREE MONTH EUROMARK
DM 1m points of 100%

	Close	High	Low	Prev.
Dec	91.32	91.33	91.30	91.32
Mar	91.26	91.27	91.23	91.25
Jun	91.21	91.26	91.19	91.22
Sep	91.21	91.21	91.17	91.21
Dec	91.17	91.16	91.14	91.17
Mar	91.16	91.17	91.13	91.16
Jun	91.16	91.17	91.13	91.18
Sep	91.16	91.17	91.16	91.18

Estimated volume 5087 (6837)
Previous day's open int. 69246 (67779)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Dec	90.03	90.04	90.03	90.02
Mar	90.08	90.10	90.10	90.06
Jun	90.12			90.11
Sep	90.17			90.14

Estimated volume 52 (142)
Previous day's open int. 1283 (1229)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Dec	2128.0	2157.8	2121.0	2157.9
Mar	2160.0			2194.0
Jun				

Estimated volume 4191 (2998)
Previous day's open int. 26103 (26279)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9535	1.9439	1.9263	1.9038	1.8680

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Dec	1.9414	1.9440	1.9404	1.9442
Mar	1.9162	1.9190	1.9162	1.9196
Jun	-	-	-	1.9004

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Dec	91-07	91-10	90-26	90-31
Mar	90-27	90-29	90-14	90-19
Jun	90-15	90-15	90-10	90-06
Sep	90-02	90-02	90-02	89-26
Dec	-	-	-	89-15
Mar	-	-	-	89-05
Jun	-	-	-	88-27
Sep	-	-	-	88-18
Dec	-	-	-	88-09
Mar	-	-	-	-
Jun	-	-	-	-

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Dec	93.21	93.22	93.13	93.21
Mar	93.53	93.54	93.47	93.50
Jun	93.53	93.54	93.49	93.50
Sep	-	-	-	93.46
Dec	93.17	93.17	93.17	93.15

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Dec	0.7844	0.7851	0.7831	0.7876
Mar	0.7830	0.7847	0.7830	0.7872
Jun	-	-	-	0.7866
Sep	-	-	-	0.7854

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Nov	Dec	Jan	Mar	Puts Nov	Dec	Jan	Mar
1.825	12.95	13.05	13.05	13.05	0.03	0.31	0.80	2.07
1.850	10.55	10.58	10.57	10.81	0.08	0.62	1.28	2.69
1.875	8.05	8.21	8.39	8.81	0.26	1.08	1.91	3.56
1.900	5.76	6.17	6.38	7.00	0.64	1.73	2.65	4.60
1.925	3.81	4.45	4.89	5.64	1.29	2.97	3.70	5.82
1.950	2.26	3.07	3.60	4.43	2.21	3.79	5.01	7.20
1.975	1.34	2.05	2.58	3.43	3.75	5.31	6.55	8.80

Previous day's open int: Calls 293,266 Puts 335,071 (All currencies)
Previous day's volume: Calls 11,246 Puts 13,404 (All currencies)

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Close	Change	High	Low	Yield	Open int.
December	98.52	98.56	+0.10	98.76	98.50	10.26	53,836
March	98.42	98.46	+0.10	98.56	98.42	10.28	8,859
June	98.38	98.50	+0.18	98.50	98.38	10.29	1,566
September	-	-	-	-	-	12.31	58

Estimated volume 52,569 Total Open Interest 64,311

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	March	June	Puts December	March	June
97	1.92	-	-	0.33	1.00	-
98	1.16	1.85	-	0.56	1.29	-
99	0.63	1.34	1.85	-	-	-
100	0.30	0.93	-	1.40	2.40	-
101	0.12	0.44	-	2.35	-	-
102	0.05	-	-	-	-	-
Open int	146,738	55,304	3,710	154,813	55,081	3,790

Estimated volume 37,162 Total Open Interest 419,557

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open int.
December	90.09	90.06	-0.02	90.09	90.06	9.93	17,864
March	90.07	90.07	-	90.08	90.06	9.93	7,202
June	90.02	90.02	-	90.03	90.01	9.98	1,322
September	89.98	89.98	-0.01	89.99	89.98	10.01	336

Estimated volume 4,213 Total Open Interest 26,724

CAC-40 FUTURES (MATIF) Stock index

	Open	Close	Change	High	Low	Open int.
October	1671.0	1640.0	-26.0	1676.0	1639.0	8,190
November	1677.0	1645.0	-26.5	1679.0	1645.0	3,693
December	1681.0	1677.5	+2.0	1681.0	1677.5	440
March	-	-	-	-	-	-

Estimated volume 9,009 Total Open Interest 12,323

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Dec	0.7891	0.7900	0.7873	0.7905
Mar	0.7885	0.7887	0.7871	0.7900
Jun	-	-	-	0.7895

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Dec	0.6624	0.6632	0.6615	0.6629
Mar	0.6605	0.6622	0.6605	0.6616
Jun	-	-	-	0.6602

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Dec	92.07	92.09	92.03	92.05
Mar	92.27	92.29	92.22	92.24
Jun	92.25	92.26	92.20	92.22
Sep	92.11	92.12	92.07	92.09
Dec	91.82	91.83	91.78	91.79
Mar	91.65	91.67	91.61	91.63
Jun	91.50	91.51	91.47	91.48
Sep	91.38	91.40	91.35	91.36

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Dec	315.40	315.80	314.80	315.45
Mar	317.90	318.40	317.70	318.20
Jun	-	321.30	321.00	321.20

MONEY MARKETS

Longer rates ease

LONGER TERM rates eased in London yesterday and prices of short sterling futures had a firmer tone on Liffe, but trading was nervous against the *background* of concern about the level of UK wage demands, particularly in the car manufacturing sector.

One-year sterling interbank was quoted as low as 13⅛-12⅞ per cent, but also at 13⅜-13¼ against 13⅛-13⅛, while three-month money *was unchanged* at 13⅞-13¾ per cent.

December short sterling opened *higher* at 86.61 and traded in a narrow range of 86.58 to 86.62, before closing at 86.59 compared with 86.58 previously.

Day-to-day *credit* was in more comfortable supply on *the money* market. The Bank of England initially forecast a shortage of £250m, but revised this to £150m at noon and to £200m in the afternoon. The *authorities did not* operate in the bill market during the day *but supplied* late help of £210m.

Bills maturing in official hands, repayment of late assistance and a *take-up of* Treasury bills drained £514m, with the unwinding of repurchase agreements on bills *absorbing £770m; a* rise in the note circulation £85m; and bank balances below target £85m. These outweighed exchequer transactions adding £1,220m to liquidity.

In Frankfurt call money remained at 8.05 per cent. This *was above the Lombard* emergency financing rate of 8 per cent, with dealers fearing that market conditions will remain tight until the Bundesbank becomes happier with banking trends in what was formerly eastern Germany. At present the central bank seems content to hold rates firm and allow commercial banks to borrow heavily against Lombard facilities to maintain reserves.

Banks' borrowings at the Lombard rate fell to about DM4.5bn on Wednesday from DM6.8bn on Tuesday, after touching *DM9bn last Friday*. Reserve holdings at the Bundesbank rose to DM67.2bn on Tuesday from DM66.0bn, to average DM70.4bn for the first 23 days of October.

Any further need for short *term liquidity* - the Bundesbank added a net DM2.1bn at this week's securities repurchase agreement tender - may be met by the addition of Section 17 funds, according to dealers. *This is money from public* authorities, held on deposit with the Bundesbank, that can be lent to the market.

***UK clearing bank base lending rate* 14 per cent from October 8, 1990**

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct.25) 3 months US dollars		6 months US Dollars	
bid 8	offer 8⅛	bid 8	offer 8⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime

Prime rate	10
Broker loan rate	9¾
Fed funds	7⅞
Fed. funds at intervention	-

Treasury Bills and Bonds

One month	7.51	Three year	7.94
Two month	7.56	Four year	8.11
Three month	7.44	Five year	8.21
Six month	7.53	Seven year	8.48
One year	7.48	10-year	8.63
Two year	7.80	30-year	8.76

Oct.25	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.00-8.10	8.15-8.25	8.20-8.35	8.45-8.55	8.55-8.70	8.00
Paris	9¾-10	9¾-9⅞	9¾-9⅞	9⅞-9⅞	10-10⅛	9.50
Zurich	6⅞-7¼	7¼-8	-	8-8¼	-	-
Amsterdam	7.62-7.75	8.10-8.18	-	8.40-8.47	-	-
Tokyo	7⅞-7⅞	7⅞-7⅞	-	8⅛-8⅛	-	-
Milan	9⅞-10¼	11¼-11½	-	11½-11¾	-	-
Brussels	9.25	8⅞-8¾	-	8⅞-9	-	-
Dublin	9¼-9⅞	9¾-10	10⅛-10⅛	10⅛-10¼	10⅛-10⅛	-

LONDON MONEY RATES

Oct 25	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14½	14	14	13⅞	13⅝	13⅛
Interbank Bid	13½	13¹⁵⁄₁₆	13¾	13¾	13½	13
Sterling CDs	–	–	13⅞	13⅞	13⅝	13
Local Authority Deps.	13⅞	13⅞	13⅞	13⅞	13⅝	12⅞
Local Authority Bonds	–	–	–	–	–	–
Discount Mkt Deps.	14	13⅞	13⅞	13⅞	–	–
Company Deposits	–	–	13⅞	13⅞	13⅝	13⅛
Finance House Deposits	–	–	13⅞	13⅞	13⅝	13
Treasury Bills (Buy)	–	–	13⅞	13⅞	–	–
Bank Bills (Buy)	–	–	13⅞	13⅞	12⅞	–
Fine Trade Bills (Buy)	–	–	14⅛	14	13⅞	–
Dollar CDs	–	–	8.07	8.05	8.05	8.07
SDR Linked Dep. Offer	–	–	9¼	9⅛	9⅛	9⅞
SDR Linked Dep Bid	–	–	9	9⅛	9⅛	9⅝
ECU Linked Dep. Offer	–	–	9⅞	9⅞	10⅛	10¼
ECU Linked Dep. Bid	–	–	9⅞	9⅞	9⅞	10⅛

Treasury Bills (sell): one-month 13⅞ per cent; three months 13¹³⁄₁₆ per cent; six months 12⅞ per cent; Bank Bills (sell): one-month 13⅞ per cent; three months 13⅞ per cent; Treasury Bills; Average tender rate of discount 13.1897 p.c ECGD Fixed Rate Sterling Export Finance. Make up day October 8 ,1990 . Agreed rates for period Oct 24,1990 to Nov 25 , 1990, Scheme I: 15.78 p.c., Schemes II & III. 16.21 p.c. Reference rate for period Sept 1,1990 to Sept 28 , 1990, Scheme IV&V· 14.955 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15 from October 1 , 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent, nine-twelve months 12 per cent; Under £100,000 11½ per cent from Oct 9,1989 . Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	14	Coutts & Co	14	NatWestminster	14
Adam & Company	14	Cyprus Popular Bk	14	Northern Bank Ltd	14
Allied Trust Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14½
AIB Bank	14	Duncan Lawrie	14	Provincial Bank PLC	15
● Henry Ansbacher	14	Equatorial Bank plc	14	Roxburghe Bank Ltd	15½
Associates Cap Corp	15½	Exeter Trust Ltd	14½	Royal Bk of Scotland	14
● B & C Merchant Bank	14	Financial & Gen. Bank	14	Royal Trust Bank	14
Bank of Baroda	14	First National Bank Plc	16½	● Smith & Williamson Secs	14
Banco Bilbao Vizcaya	14	● Robert Fleming & Co	14	Standard Chartered	14
Bank Credit & Comm	14	Robert Fraser & Ptnrs	14½	TSB	14
Bank of Cyprus	14	Girobank	14	Unibank plc	14
Bank of Ireland	14	● Guinness Mahon	14	● United Bk of Kuwait	14
Bank of India	14	HFC Bank plc	14	United Mizrahi Bank	14
Bank of Scotland	14	● Hambros Bank	14	Unity Trust Bank Plc	14
Banque Belge Ltd	14	Hampshire Trust Plc	15½	Western Trust	14
Barclays Bank	14	Heritable & Gen Inv Bnk	14	Westpac Bank Corp	14
Benchmark Bank	15	● Hill Samuel	14	Whiteaway Laidlaw	14
Brit Bk of Mid East	14	C. Hoare & Co	14	Yorkshire Bank	14
● Brown Shipley	14	Hongkong & Shangh	14		
CL Bank Nederland	14	● Leopold Joseph & Sons	14		
● Charterhouse Bank	14	Lloyds Bank	14		
Citibank NA	14	Meghraj Bank Ltd	14		
City Merchants Bank	14	McDonnell Douglas Bnk	14		
Clydesdale Bank	14	Midland Bank	14		
Comm.Bk.of London Plc	14	Mount Banking	14		
Co-operative Bank	*14	Nat Bk of Kuwait	15		

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MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
CAF Money Management Co Ltd 48 Pembury Road, Tonbridge TN9 2JD 0732 770114				
Cafcash Deposit Fd	13.48	–	14.39	3-Mth
The COIF Charities Deposit Account 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	13.75	–	14.48	3-Mth
Cent. Bd. of Fin. of Church of England‡‡ 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	13.75	–	14.48	3-Mth
Gartmore Money Management Ltd 2-3 White Hart Yard, London SE1R 1NX. 071-236 1425				
Call Fnd	13.99	10.91	14.95	6-Mth
7-day Fund	13.38	10.44	14.28	6-Mth
Special Fund	13.85	–	15.14	1-Mth
Dollar	6.75	5.26	7.15	3-Mth

Money Market Bank Accounts

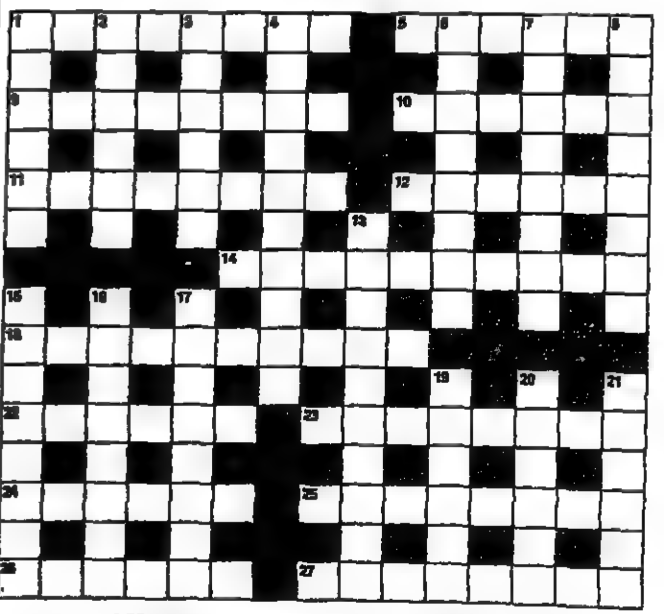
	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume Bank plc 30 City Road, EC1Y 2AY 071-638 6070				
Treasury Acc.	12.50	9.75	13.48	Qtr
Hi Int Chq £1,000-£4,999	12.50	9.75	13.60	Mth
Hi Int Chq £5,000-£49,999	13.00	10.14	14.16	Mth
Hi Int Chq £50,000+	13.50	10.53	14.73	Mth
Allied Trust Bank Ltd 97-101 Cannon St, London, EC4N 5AD 071-629 6802				
OMNIA (£2,001+)	13.95	10.88	15.25	Mth
TOMNIA (£2,001+)	14.25	11.12	15.60	Mth
HICA (£2,000+)	12.90	10.06	14.05	Mth
PREMIUM (£250,000+)	13.95	10.88	15.25	–
American Express Bank Ltd c/o American Express Financial Services Limited 49 The Martlets, Burgess Hill West Sussex, RH15 9NW 0444 870086				
High Performance Cheque Account				
£1,000-£4,999	12.16	9.50	12.87	Mth
£5,000-£9,999	12.30	9.60	13.01	Mth
£10,000-£24,999	12.81	10.00	13.59	Mth
£25,000+	13.58	10.60	14.46	Mth
Bank of Ireland High Interest Cheque Acc 36 Queen St, EC4R 1BN 0753 516516				
£2,000-£9,999	12.179	9.500	13.125	Qtr
£10,000+	12.500	9.750	13.483	Qtr
Bank of Scotland 38 Threadneedle St, EC2P 2EH 071-601 6746				
MM Chq Acc £2,500-£24,999	12.15	9.47	13.20	Mth
£25,000+	12.65	9.86	13.77	Mth
Barclays Capital Advantage Account PO Box 120, Westwood Bs Pk, Coventry 0203 694242				
£10,000-£24,999	12.75	10.00	13.84	Qtr
£25,000-£49,999	13.25	10.25	14.20	Qtr
£50,000+	13.50	10.50	14.56	Qtr
Barclays Prime Account H.I.C.A. PO Box 125, Northampton 0604 252891				
£1,000-£2,499	11.80	9.20	12.70	Qtr
£2,500-£9,999	12.20	9.50	13.13	Qtr
£10,000-£24,999	12.80	10.00	13.84	Qtr
£25,000+	13.10	10.25	14.20	Qtr
Benchmark Bank PLC Premier Account 86 Newman Street, W1P 3LD. 071-631 3313				
Small Deposits	9.50	–	–	–
£2,500-£10,000	12.50	9.75	13.48	Qtr
£10,001-£20,000	12.75	9.95	13.76	Qtr
£20,000+	13.50	10.53	14.60	Qtr
B & C Merchant Bank PLC Portfolio Acc 19 Motcomb Street, London SW1X 8LB 071-245 6616				
£2,500-£9,999	11.375	8.901	11.87	Qtr
£10,000-£49,999	12.75	9.98	13.37	Qtr
£50,000 and above	13.25	10.37	13.923	Qtr
Brown Shipley & Co Ltd Founders Court, Lothbury, London EC2 071-606 9833				
HICA	13.00	10.14	14.04	Qtr
Prof Demand A/c	12.375	9.65	13.34	Qtr
Caledonian Bank Plc 8 St Andrew Square, Edinburgh EH2 2PP 031 556 8235				
HICA	13.50	10.531	14.041	Yearly
Cater Allen Ltd 25 Birchin Lane, London EC3V 9DJ 071-623 2070				
HICA	12.50	9.75	13.5970	Mth
Deposit £5,000 min	13.125	10.2375	14.3040	Mth
Charterhouse Bank Limited 1 Paternoster Row, EC4M 7DH 071-248 4000				
£2,500-£19,999	12.25	9.56	13.31	Mth
£20,000-£49,999	12.50	9.75	13.60	Mth
£50,000-£99,999	12.75	9.95	13.88	Mth
£100,000+	13.00	10.14	14.17	Mth
$5,000-$49,999	6.50	5.07	6.92	Mth
$50,000-$99,999	6.75	5.29	7.10	Mth
$100,000-$199,999	7.00	5.46	7.47	Mth
$200,000+	7.25	5.66	7.74	Mth
Many other currencies are available – for rates please phone ext. 2168				
Chilbank Savings St Martins Hse, Hammersmith Grove W6 081-741 4941				
Money Market Plus £2,000-£24,999	11.00	8.50	11.79	Mth
£25,000	11.50	9.00	12.51	Mth
Clydesdale Bank PLC 30 St Vincent Place, Glasgow G1 2HL 041 248 7070				
HICA £2,000-£9,999	11.2	8.74	12.04	Qtr
£10,000-£19,999	12.00	9.36	12.98	Qtr
£20,000-£49,999	12.5	9.32	13.15	Qtr
£50,000+	12.7	9.91	13.71	Qtr
Co-operative Bank Top Tier 78-80 Cornhill EC3 0800 616162				
£50,000+	12.8	10.0	13.7	6-Mth
£10,000-£49,999	12.5	9.75	13.3	6-Mth
£2,500-£9,999	11.2	8.75	11.9	6-Mth
£1,000-£2,499	10.6	8.25	11.2	6-Mth
£500-£999	10.2	8.0	10.9	6-Mth
Coutts & Co Reserve Account 440 Strand, London WC2R 0QS 071-753 1000				
For personal customers				
£50,000+	12.375	9.125	12.589	Qtr
£20,000-£49,999	12.25	9.00	12.411	Qtr
£5,000-£19,999	11.75	8.625	11.877	Qtr
For businesses, charities and societies				
£100,000-£1,000,000	12.625	9.625	13.30	Qtr
£25,000-£99,999	12.50	9.375	12.926	Qtr
£10,000-£24,999	11.50	8.975	12.233	Qtr
Coutts Commercial Account for clients money 27 Bush Lane London EC4R 0AA 071-623 3434				
Rates negotiable up to	13.50	10.50	–	–
Bartlington & Co Ltd 10 The Crescent, Plymouth PL1 3AB 0752 672873				
Money Mkt Acc.	13.00	10.14	14.05	Qtr
Edington Plc 1 King Street, Manchester M2 6AW 061 834 2535				
HICA (£1,000+)	13.4375	10.48	14.53	Qtr
Money Market Deposit Account–Instant Access				
£1-£999	9.125	7.12	9.81	Mth
£1,000-£24,999	13.125	10.24	14.31	Mth
£25,000-£249,999	13.5625	10.73	14.81	Mth
£250,000-£999,999	13.75	10.73	15.03	Mth
£1,000,000 upwards	13.75	10.73	15.03	Mth
Ninety Day Notice Account				
£10,000-£24,999	14.125	11.02	14.69	Yearly
£25,000 upwards	14.50	11.31	15.08	Yearly
Financial & General Bank plc 13 Lowndes Street, London SW1X 9EX 071-235 0036				
H.I.D.A. £50,000	14.00	10.92	[illegible]	Qtr
H.I.D.A. £10,000-£50,000	13.85	10.82	[illegible]	Qtr
Gartmore Money Management Ltd 2-3 White Hart Yard London SE1 1NX 071-236 1425				
Money Mngt. Acct.	13.375	10.43	14.47	1-Mth
Girobank plc High Interest Cheque Acc 10 Milk St., London EC2V 8JH 071-600 6020				
£1,000-£3,999	10.75	9.25	12.33	Yearly
£4,000-£9,999	11.00	9.50	12.67	Yearly
£10,000-£49,999	11.75	10.00	13.33	Yearly
£50,000	12.75	10.50	14.00	Yearly
Humberclyde Finance Group Oakley Ct, Winchester Rd, Basingstoke 0256 841863				
£50,000+	14.00	10.92	15.17	Qtr
Lloyds Bank – Investment Account 71 Lombard St, London EC3P 3BS 071-326 3643				
£50,000 and above	13.3	10.6	14.1	Yearly
£25,000+	13.2	10.5	14.0	Yearly
£10,000+	12.8	10.1	13.5	Yearly
£5,000+	12.7	9.3	12.4	Yearly
Below £5,000	6.0	4.5	6.0	Yearly
M & G/Kleinwort Benson M & G Hse., Victoria Rd, Chelmsford 0245 266266				
H.I.C.A. (£2,500+)	12.25	9.556	13.537	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 529655				
High Int Chq Acc	10.90	8.50	11.70	Qtr
£10,000+	11.54	9.00	12.41	Qtr
£50,000+	12.18	9.50	13.13	Qtr
Premier Savings £5,000+	12.82	10.00	13.67	6-Mth
Exclusive Acc £10,000+	13.72	10.70	14.65	6-Mth
£25,000+	14.10	11.00	15.07	6-Mth
NatWest Crown Reserve Account 41 Lothbury, London, EC2P 2BP 071-374 3374				
£25,000 and above	14.75	11.50	15.33	3-Mth
£10,000 to £24,999	14.50	11.25	15.06	3-Mth
£2,000-£9,999	14.25	10.75	14.33	3-Mth
Provincial Bank PLC 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
H.I.C.A (£1,000+)	13.125	10.24	14.31	Mth
Royal Bank of Scotland plc Premium Acc 42 St Andrew Sq, Edinburgh EH2 2YE 031-228 5650				
£50,000+	12.96	10.10	14.03	Qtr
£25,000-£49,999	12.76	9.95	13.77	Qtr
£10,000-£24,999	12.57	9.80	13.56	Qtr
£2,500-£9,999	11.48	8.95	12.35	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB 0708 766966				
H.I.B.A.	12.25	9.56	13.37	Daily
Sterling Bank & Trust Ltd Abbey Gdns, 6 Abbey St, Reading RG1 3BA 0734 592543				
HIDA £2,500+	14.50	11.31	15.51	6-Mth
Tyndall & Co Ltd 29-33 Princess Victoria St, Bristol 0272 744720				
Demand Acc.	12.75	9.95	13.76	Qtr
HIMA	12.75	9.95	13.76	Qtr
HIMA £100,000+	13.00	10.14	14.04	Qtr
Clime Plus Acc	12.25	9.56	13.20	Qtr
United Dominions Trust Ltd PO Box 135, Abbey St, Reading RG1 3EB 0734 560411				
Capital Plus Cheque Account £1,000+	13.60	10.61	14.31	–
J. Henry Schroder Wagg & Co Ltd 120 Cheapside, London EC2V 6DS 071-382 6000				
Special Acc.	12.875	10.00	14.01	Mth
£10,000 and above	13.125	10.24	14.31	Mth
Western Trust High Interest Cheque Acc The Moneycentre, Plymouth PL1 1SE 0752 224141				
£25,000+	13.50	10.53	14.60	Qtr
£5,000-£24,999	13.25	10.34	14.32	Qtr
£1,000-£4,999	13.00	10.14	14.04	Qtr
Wimbledon & South West Finance Co Ltd 114 Newgate St, London EC1 7AE 071-606 9485				
High Int Cheque Acc	13.50	10.53	14.60	Qtr

NOTES–Gross rate in these columns from composite rate of tax. Net actual rate after deduction of CRT. Gr Equiv CAR Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr frequency interest credited.

JOTTER PAD

CROSSWORD

No.7,377



ACROSS

1 Competition is of no interest *to certain folk* (4,4)
5 The person renting pasture with little hesitation (6)
9 Spare the top man, being thoughtful (8)
10 Finding the way about sea-going craft causes some anxiety (6)
11 *He dances very awkwardly*, it's realised (8)
12 Weapon for which soldiers require a support (6)
14 A prison-camp child growing up (10)
18 Taking exceptional care, formed a group prepared to fight (5,5)
22 A god's head set within a circle (6)
23 Got a bit done somehow (8)
24 What's left in trust for the youngest, a teenager (6)
25 Chaff is harmful for those of advanced years (8)
26 Waters the flowers (6)
27 A woman in depression hanging on (8)

DOWN

1 Long surrounding the family man (6)
2 Each one houses a bird (6)
3 *Dissolute* – like the gardener's help? (6)
4 The assembling of what's thought right (10)
6 Make hostile sergeant wild (8)
7 No universal remedy (8)
8 Repaired – put in order again (8)
13 A drab block specially built for teachers' use (10)
15 The despicable *guy* swears but remains (8)
16 Tax on gold leading to fraud (8)
17 Work out adroitly, loving the figure resulting from it (8)
19 Involving a number in the row should be *quite easy* (6)
20 Some points about waste material cause much ill-feeling (6)
21 A commercial outlet is coming (6)

Solution to Puzzle No.7,376

C	A	S	S	E	R	O	L	E		G	R	O	S	S
L		T		N		U		A		A		D		I
A	H	E	A	D		T	H	R	E	S	H	O	L	D
S		A		P		L		P		H		U		E
S	O	M	E	R	S	A	U	L	T		O	R	A	L
		S		O		Y		U		A				I
A	P	H	I	D	E	S		G	O	S	L	I	N	G
C		I		U						S		R		H
C	O	P	Y	C	A	T		F	L	A	T	O	U	T
E				T		R		U		I		N		
S	O	R	T		W	A	L	L	F	L	O	W	E	R
S		I		S		I		N		A		O		O
O	F	F	C	H	A	N	C	E		B	E	R	Y	L
R		L		E		E		S		L		K		L
Y	I	E	L	D		D	I	S	P	E	N	S	E	S

هكذا من الأصل

WORLD STOCK MARKETS

AUSTRIA — BELGIUM/LUXEMBOURG — DENMARK — FINLAND — FRANCE — FRANCE (continued) — GERMANY — GERMANY (continued) — ITALY — ITALY (continued) — NETHERLANDS — NORWAY — SPAIN — SWEDEN — SWITZERLAND — SOUTH AFRICA — JAPAN — AUSTRALIA — AUSTRALIA (continued) — HONG KONG — MALAYSIA — SINGAPORE

[illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

Closing prices October 25

[illegible]

MONTREAL

Closing prices October 25

[illegible]

INDICES

NEW YORK

DOW JONES	Oct. 25	Oct. 24	Oct. 23	Oct. 22	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2494.16	2504.21	2494.06	2516.09	2999.75 (16/7)	2365.10 (11/10)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	89.05	88.98	89.19	89.17	93.04 (3/1)	88.44 (24/9)	—	—
Transport	851.35	867.05	875.60	888.69	1212.77 (6/6)	821.93 (17/10)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	209.82	210.51	209.95	210.89	236.23 (2/1)	190.96 (24/8)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2525.99 (2523.02) Low 2464.11 (2470.54)

STANDARD AND POOR'S

	Oct. 25	Oct. 24	Oct. 23	Oct. 22	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	310.17	312.66	312.36	314.76	368.95 (16/7)	295.46 (11/10)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	364.84	367.61	367.19	369.89	437.37 (16/7)	346.86 (11/10)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	20.09	20.36	20.39	20.57	31.87 (3/1)	19.24 (11/10)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	169.51	170.60	170.50	171.52	201.13 (16/7)	162.20 (11/10)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	292.78	292.69	292.97	292.33	382.45 (5/1)	289.13 (17/10)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	339.74	340.98	341.09	341.12	469.60 (11/7)	[illegible] (16/10)	485.73 (9/10/89)	54.87 (31/10/72)

	Oct. 19	Oct. 12	Oct. 5	year ago (approx.)
Dow Industrial Div. Yield	4.03	4.23	4.04	3.83

	Oct. 24	Oct. 17	Oct. 10	year ago (approx.)
S & P Industrial div. yield	3.42	3.39	3.36	3.12
S & P Ind. P/E ratio	14.86	14.15	14.[illegible]	12.89

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Citicorp	5,978,800	11⅛	- ⅛
Gen. Electric	2,332,900	51⅛	- ⅛
Chase Manhtn.	2,159,500	11⅛	- ¼
MNC Fin.	1,941,700	4⅛	- ⅛
Unisys	1,848,700	3⅛	- ⅛
Avon Prod.	1,826,600	25¼	+ ⅜
AT & T	1,659,600	33⅝	+ ⅛
IBM	1,592,000	108⅛	- ½
Ford Motor	1,402,200	31⅞	- ¼
MCA	1,380,300	57	+ 7

TRADING ACTIVITY

† Volume (Millions)	Oct. 25	Oct. 24	Oct. 23
New York	141.444	149.290	159.080
Amex	9.695	9.452	12.867
NASDAQ	(u)	126.727	120.082
Issues Traded	1,956	1,969	1,959
Rises	620	738	805
Falls	850	738	688
Unchanged	486	493	466
New Highs	4	10	11
New Lows	84	98	108

CANADA

TORONTO	Oct. 25	Oct. 24	Oct. 23	Oct. 22	1990 HIGH	1990 LOW
Metals & Minerals	2689.60	2710.10	2729.86	2747.52	3453.05 (4/1)	2588.00 (16/10)
Composite	3129.85	3122.53	3123.02	3115.45	4009.47 (3/1)	3009.91 (16/10)
MONTREAL Portfolio	1671.98	1670.81	1675.51	1672.77	2060.90 (3/1)	1607.24 (16/10)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Oct. 25	Oct. 24	Oct. 23	Oct. 22	1990 HIGH	1990 LOW
AUSTRALIA / AUSTRIA / BELGIUM / DENMARK / FINLAND / FRANCE / GERMANY / HONG KONG / IRELAND / ITALY / JAPAN / MALAYSIA / NETHERLANDS / NORWAY / PHILIPPINES / SINGAPORE / SOUTH AFRICA / SOUTH KOREA / SPAIN / SWEDEN / SWITZERLAND / TAIWAN	[illegible]					
THAILAND Bangkok SET (30/4/75)	698.69	709.35	(c)	683.[illegible]	[illegible]	[illegible]
WORLD M.S. Capital Intl. (1/1/70) (§)	476.3*	472.9	478.3	477.[illegible]	[illegible]	[illegible]

**Saturday October 20: Taiwan Weighted Price: 3085.[illegible]
§ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and [illegible] industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO – Most Active Stocks

Thursday 25 October 1990

	Stocks Traded	Closing Prices	Change on day
Adid Corp	29.4m	970	+30
N'matsu Cnstrn	24.3m	1,380	+10
Sumitomo Mtl	24m	514	+21
Mitsui Shpbldg	20.3m	688	+25
Nippon Steel	18.3m	465	-3
Fjima Hma	14.2m	800	+12
Niddeo	12.2m	1,840	[illegible]
Kobe Steel	11.8m	550	[illegible]
Kawasaki Stl	10.7m	[illegible]	[illegible]
Fujita Corp	10.0m	1,880	-30

4pm prices October 25

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
37½	8½	AAR	.48	4.1	7	175	11¾	11⅛	11⅝	- ⅛
9⅝	7¾	ACM n	1.01	12.		106	8⅛	8	8⅛	
11½	8¾	ACMIn	1.26	14.		411	9⅛	9	9	- ⅛
9¼	6½	ACM M	n1.01	14.		353	7½	7⅛	7⅛	- ⅛
12⅛	10	ACMMM	1.50	13.		120	11⅞	11⅞	11⅞	+ ⅛
11½	8⅝	ACM Sc	1.28	13.		695	9⅝	9½	9½	- ⅛
9⅝	7⅛	ACMSp	1.01	12.		530	8¼	8⅛	8⅛	- ⅛
24⅝	15½	AL Lab	.16	.9	15	325	18⅛	18⅛	18⅛	
5¼	1	AM Intl				495	1⅛	1⅛	1⅛	
22¼	4⅜	AM In pf	2	36.		219	5½	5	5½	+ ½
74¼	39¾	AMR			14	3471	47⅛	46½	46¾	- 1
4⅛	1⅛	ARX			5	582	1⅜	1⅛	1⅛	- ⅛
72¼	38¼	ASA	3a	6.9		1302	43½	42⅜	43⅜	+ 1
45⅜	31¼	AbtLab	s.84	1.9	20	4781	44⅛	43	43⅝	
14	11¼	Abitibi g	.50			3	11½	11½	11½	
11⅝	4⅞	AcmeC	.40	7.4	9	6	5⅞	5⅜	5⅜	- ⅛
9⅝	5⅜	AcmeE	.32	5.3	8	8	6⅛	6	6	
32¾	16⅞	Acuson s			21	2140	27½	25	26	- 1½
16⅞	14⅛	AdaEx	2.08e	14.		98	15¼	15⅛	15¼	
15⅛	10	Adobe				398	11	10⅞	10⅞	+ ⅛
20¼	16½	Adob pf	1.84	11.		16	16⅞	16⅞	16⅞	
11⅜	3⅞	AMD				5414	4¼	4	4⅛	+ ⅛
32⅜	16	AMD pf	3	18.		45	16½	16¼	16½	+ ⅛
9¼	1⅛	Advest	.16	8.5	23	76	2	1⅞	1⅞	- ⅛
62½	29⅜	AetnLf	2.76	9.0	5	4617	32	30⅜	30⅜	- 1⅜
13	6⅞	AhPb	.24	3.6		722	7	d 6⅝	6⅝	- ⅛
22½	11⅜	Ahmans	.88	6.8	6	2167	13⅛	12⅝	12⅞	- ⅛
3⅝	1⅞	Aileen			8	23	3⅛	3⅛	3⅛	- ⅛
61	42⅞	AirPrd	1.44	2.9	12	648	49½	49	49¼	+ ⅛
27	13½	AirFrt s	.30	1.8	8	623	16⅞	16⅛	16⅜	- ⅛

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
11-32	3-64	RvrOak				90	9-128	1-16	1-16	-1-128
18¼	8¼	RbtHlf			6	2	8⅝	8⅝	8⅝	+ ⅛
14⅛	3¼	Robisn				146	5⅝	5	5⅝	+ ½
22⅛	16⅞	RochG	1.56	8.4	10	115	18⅝	18½	18⅝	- ⅛
43½	24⅛	RochTl	1.48	5.5	14	235	26⅝	25¾	26⅝	+ ⅛
22⅛	15⅛	RckCtr	1.86	11.	16	342	17⅞	17½	17⅝	- ⅛
28¾	19¾	Rockwl	.86	3.5	10	1319	25⅛	24⅝	24¾	- ⅜
7⅞	4½	RodRen			12	9	4⅞	4⅝	4⅞	+ ¼
35⅞	24⅛	RoHaas	1.24	4.1	11	686	31½	30¼	30¼	-1⅛
28⅛	11½	Rohr				378	13	12½	12⅞	- ½
15¼	7⅛	RollnE	.08	1.1	18	3039	8¼	7⅞	7⅞	
20⅜	15⅞	Rollins	.56	3.2	16	215	18	17⅝	17¾	- ⅛
9¼	5⅛	RolLese	.20	3.2	7	269	6⅜	6	6¼	+ ⅛
18⅞	8⅛	Rowan				2201	12⅞	12⅝	12⅝	
26¾	19⅝	RBSct pr2.65e14.				105	21	20¾	21	

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
12¼	6½	SymsCp			8	32	6⅝	6⅝	6⅝	
19	12¾	Synovs	.38	2.8	13	11	13⅞	13½	13½	- ⅛
63¾	42⅞	Syntex	1.60	2.8	18	2577	58⅜	56⅝	58¾	-1
36⅞	25¼	Sysco	.20	.6	23	3654	33½	32½	33	-1½
		— T-T-T —								
25¼	6	TCBY	.40	6.7	6	408	6¼	6	6	- ⅛
14⅛	5¾	TCF Fn	.40	5.9	5	103	7	6¾	6¾	- ⅜
8¾	6⅞	TCW	.84	12.		280	6⅞	6¾	6¾	
51¼	29⅝	TDK s	.29e	.7		2	41½	41½	41½	+ ⅞
30½	28	TECO	1.62	5.3	13	2233	30¾	30¼	30⅝	+ ⅛
8¼	6¼	TIS	1.28	19.	7	57	6⅝	6⅝	6⅝	
18	8¾	TJX	.46	4.8	10	613	9¾	9½	9⅝	- ⅛
22½	14½	TNP	1.63	9.0	10	34	18⅛	17⅞	18⅛	+ ⅛
51¾	30⅛	TRW	1.80	5.4	6	889	34½	33⅛	33½	- ¾
4⅛	9-16	TacBt n				3	9-16	9-16	9-16	

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
38	22¾	UnvlCp	1.48	6.1	14	101	24⅛	23¾	24⅛	
33⅞	23¼	UnvFd	.75	2.4	17	336	31¼	31	31¼	
14⅛	10½	UnvHR	1.48	13.	8	23	11¼	11	11	- ⅛
8¾	2½	UMatch				61	2⅝	2⅝	2⅝	+ ⅛
8⅞	2¼	UnMd s				80	2½	2⅛	2½	+ ⅛
9	6½	UnMd pf				1	6⅝	d 6⅝	6⅝	- ⅛
34½	24½	Unocal	.70	2.4	23	6514	29⅞	28⅞	28⅞	
19⅞	11	UnocEx	.40	3.5	13	99	11⅞	11½	11½	- ⅛
44⅝	33	Upjohn	1	2.6	20	8712	39⅞	38⅞	38½	- ⅝
47	26	USLIFE	1.48	5.7	6	228	26⅞	26⅛	26⅛	- ⅞
9¾	7⅛	UslfeF	.92	13.		4	7¼	7¼	7¼	+ ⅛
22⅝	17⅞	UtilCo	1.44	7.8	9	92	18⅝	18⅜	18½	
28	24	UtilCo pf2.44		10.		40	24½	d23⅝	24	- ¾
28⅜	25⅞	UtilCo pr2.61		10.		2	26	26	26	- ⅛
23⅝	18	UtilCo pr1.77		9.3		3	19	19	19	+ ⅛

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
62⅛	39⅛	Xerox	3	9.6		52020	31	30¼	30½	- ⅛
32½	13⅞	XTRA	.72	4.9		61	14⅞	14⅝	14⅝	- ¼
25	13½	XTRA pf1.94		14.		67	13⅞	13⅞	13⅞	+ ⅛
4	¾	Zapata				325	1	⅞	15-16	-1-16
6⅛	3⅜	Zemex				29	4	3⅞	3⅞	- ⅛
14	4	ZenithE				1916	6½	6⅛	6⅛	+ ⅛
19⅞	10⅛	ZenNtl	.08	0.7	6	x60	10⅜	d10⅛	10⅛	+ ⅛
6⅛	4½	Zenix	.93	20.		104	4⅝	4⅝	4⅝	+ ⅛
17⅞	9⅞	Zero	.40	3.8	11	10	10⅛	10⅛	10⅛	
61½	29⅝	Zurnin	.88	2.8	15	199	34½	34	34	- ½
12⅝	10⅛	Zweig	1.18e	11.		220	10½	10⅛	10½	
10	7⅞	ZweigTl	.84	9.7		736	8⅝	8½	8⅝	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

NASDAQ NATIONAL MARKET

3pm prices October 25

AMEX COMPOSITE PRICES

4pm prices October 25

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
AT&E			508	4⅞	d 4⅝	4⅞	+ ¼
ATT Fd2.41e			17	52⅞	52½	52½	- ⅛
Action			2	5⅞	5⅞	5⅞	- ⅛
Alfin			48	1⅛	1⅛	1⅛	
Allstar			54	⅝	9-16	9-16	-1-16
Alphain			8	2½	2½	2½	
Alza		64	902	43¼	42¾	42¾	
Amdhl	.10	7	1851	11⅛	10⅞	10⅞	- ⅛
Amraol	.27e	13	16	29⅜	29⅜	29⅜	- ⅜
AMzeA	.64	41	22	16⅜	16¼	16¼	+ ⅛
APetl	3.20	10	11	73½	73½	73½	+1½
APrec s	.16	32	42	16⅜	16	16½	- ⅛
AScIE			14	5⅝	5⅜	5⅝	

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
ConsMd			8	7⅞	7⅞	7⅞	- ⅛
Coron g	.10e		582	5	4⅞	4⅞	+ ⅛
Cross	1.24	12	183	22⅞	d22⅛	22½	- ⅛
CrnCP	.80e	10	15	22⅞	d21⅞	22	- ⅝
CrCPB	.80e	8	573	18½	d17⅞	18½	- ⅛
Cubic	.48	4	8	15⅞	15⅞	15⅞	
Custmd		6	55	5-16	¼	¼	-1-16
CyprFd	.38e		65	7	6⅞	7	
		— D-D —					
DI Ind			379	1⅛	1⅛	1⅛	+ ⅛
DWG			1148	3⅞	3⅝	3⅞	+ ⅛
Dalmed			22	⅜	⅜	⅜	-1-16
Dagatim			1	2⅝	2⅝	2⅝	

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
ImpOil g1.80			280	53⅝	53¼	53½	+ ½
InstSy		6	241	1⅛	1⅛	1⅛	- ⅛
InstSy pf.21e			8	2	2	2	+ ⅛
IntlgSy			10	1⅛	1⅛	1⅛	- ⅛
Intrmk	.08j		448	3⅛	3	3	- ⅛
IntTch			22	⅛	⅛	⅛	
IntThr			82	7-32	5-32	7-32	+1-16
IroqBrd			31	2⅞	2	2⅛	+ ⅛
		— J-K —					
JanBell		11	61	7⅛	7⅛	7⅛	
Kinark	.31e	7	23	4⅞	4⅞	4⅞	
Kirby		16	331	7¾	7½	7½	- ⅛
		— L-L —					
LaBarg			2	½	½	½	+1-16

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Presd B			169	6	6⅞	6⅞	- ¼
Presd A	.10		80	6⅞	6½	6½	- ⅛
ProCom			283	⅝	⅝	⅝	+ ⅛
Prism		4	120	1⅝	1½	1½	- ⅛
ProMed	.48	10	1	4⅞	4⅞	4⅞	
ProfCre			7	5⅞	5⅞	5¾	+ ⅛
		— R-R —					
ReCap		9	2	11⅞	11⅞	11⅞	- ⅛
Riedel			28	6½	6⅛	6⅛	- ⅛
Rogers	.12		1	16½	16½	16½	+ ⅛
Rudick	.40a	9	10	21¼	21¼	21¼	+ ⅛
		— S-S —					
SJW	1.96	9	2	28	28	28	

AMERICA

Dow falls on rising crude and programme selling

Wall Street

SURGING oil prices and computer-driven programme selling sent equities down yesterday in moderately active trading, *writes Karen Zagor in New York.*

The Dow Jones Industrial Average declined 19.80 to a closing 2,484.41 amid New York SE volume of 141.5m shares, having gained 10.15 on Wednesday. Falls outscored advances by 850 to 620. The broadly representative Standard & Poor's 500 was off 2.44 at 310.18.

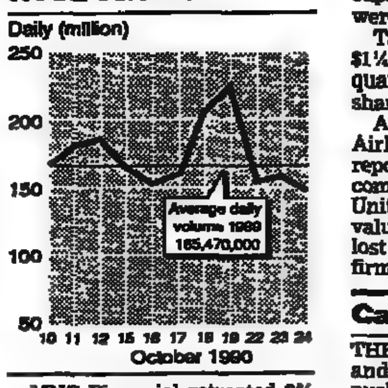
The retreat was spurred by sharp gains in crude oil futures yesterday, reflecting renewed talk of war in the Gulf. In late trading the December contract was $3.17 higher at $34.25.

Citicorp lost $⅛ more to $11¾ in heavy trading. On Wednesday the dividend rate on one series of its preferred stock was reset at 12.5 per cent, a higher rate than expected. Today the dividend rate on another Citicorp preferred series will be reset.

Avon Products put on $⅝ to $25¼ after the company said it expects profits for the year to rise 25 per cent. The company has also hired a financial adviser to help it increase shareholder value.

NYSE volume

Daily (million)



MNC Financial retreated $⅝ to $4¼. The banking concern has agreed not to pay any dividends without approval from the Federal Reserve. It has put its MBNA America credit card unit on the block and will discontinue its commercial paper programme.

MCA rebounded $7 to $57 after dropping about $8 on Wednesday. The entertainment group's stock had fallen on rumours that merger talks with Matsushita Electric, of Japan, had failed. The rumours were denied by Matsushita.

Tandem Computers tumbled $1¼ to $10¾ on lower fourth-quarter earnings of 30 cents a share, against 38 cents.

AMR, parent of American Airlines, receded $1 to $46¾ on reports that the company will compete with UAL, parent of United Airlines, for Pan Am's valuable London routes. UAL lost $⅞ to $96½, while Pan Am firmed $⅛ to $1⅝.

Canada

THE CLIMB in crude oil prices and a firmer bullion price pushed the oil and gold sectors ahead in Toronto, while the rest of the market closed on a mixed note after light dealings.

The composite index edged up 7.3 to 3,129.8 as gains led declines by 292 to 240 after a volume of 19.5m shares.

London attracts volume away from Milan

A new tax and the snail's pace of reform has dented morale, writes Haig Simonian

OCTOBER has not been a happy month for the Milan stock exchange. Last week, a strike by the 700-odd floor traders, protesting at the snail's pace of reform, paralysed the bourse and its nine regional counterparts.

This week, it was the turn of employees at Consob, Italy's stock market watchdog, to take industrial action, with a half-day stoppage following the discovery of asbestos at their Rome headquarters.

The two incidents were wholly unrelated and hardly commonplace. The floor traders last took up arms in 1977; Consob's employees were staging their first stoppage since its foundation in 1974.

But, together, the two events have focused attention on the graver problems facing the Italian market. Buffeted by the rushed imposition of a new capital gains tax last month, Milan's trading volume has fallen heavily. The London Stock Exchange's Seaq International system appears to have been the beneficiary.

Comparisons are complicated by the fact that Milan only counts one side of a deal, while London aggregates both the buying and selling numbers, but the trend is clear.

Trading in London was already rising thanks to an increase to 14 in the number of stocks covered. However, it is the capital gains tax which has provided the biggest boon as orders have been switched over to London. Although some business may have flowed back now, London has still come out the stronger.

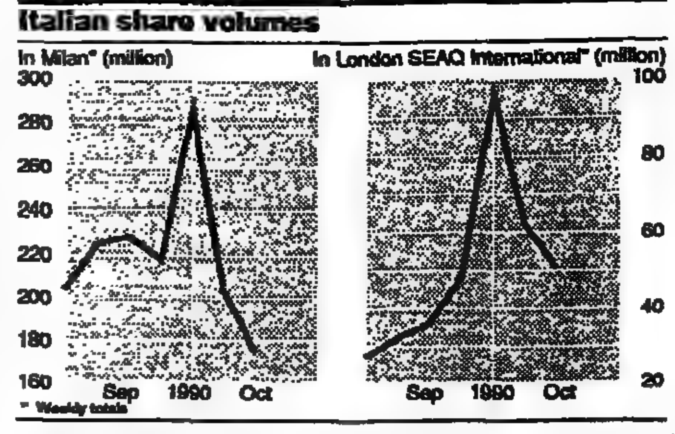
Milan's brokers cannot complain that the tax came as a complete surprise. Capital gains legislation has been on the cards for so long that prices had discounted this for a long time in expectation.

Nor has anyone dared to question the measure on moral grounds. The problem for Milan is in the way it will work – notably that the new tax is to be levied at source. According to Italy's small and often undercapitalised brokers, the legislation is not only unworkable but also finds them unequipped to administer it.

As often in Italy, the tax's origins are political rather than practical. Imposed by decree on September 29 – one day after it was announced – its rushed birth testified to the need to find a politically acceptable counter to planned rises in health charges and cuts in services as part of next year's budget package.

Dealers have complained that the government should have waited and introduced the new tax as part of the wider market reform currently being debated. And the banks, which are expected to dominate business following Milan's belated Big Bang, would be much better placed to act as the government's tax collectors, they argue.

Italian share volumes



Few could have foreseen Consob's asbestos; but, once again, the problems over bourse reform required no crystal balls. After an upsurge of enthusiasm in early summer, the crucial new law creating a Societa di Intermediazione Mobiliare (Sim), Italy's new brand of financial institution, is again dangerously becalmed.

It is hard to find any single culprit. The finance committee of the Chamber of Deputies, Italy's lower house of parliament, has been struggling to approve the new rules.

It now only needs a few more sittings to see the Sims through the committee. And, if Mr Franco Piro, its chairman, is to be believed, consultations with members of the upper house should allow a smooth passage thereafter.

However, the committee has been partly sidetracked by other matters, such as the budget. Now, the capital gains tax, whose forced imposition requires parliamentary ratification within 60 days, will pose an additional burden.

Bearing in mind pressure of other parliamentary business and public holidays, the committee is unlikely to return to the Sims much before mid-November. With parliament winding down around December 10, prospects for passing Milan's much needed modifications this year do not look good.

Support package lifts NTT

SHARES OF Nippon Telegraph and Telephone, Japan's giant telecommunications company, have bounced back in the past few days, thanks to a package aimed at improving their popularity, writes Ian Rodger in Tokyo.

NTT climbed Y100,000 yesterday to Y1.1m, recovering from its low of Y720,000 on October 1. This compares with a peak of Y3.18m recorded in April 1988, shortly after its launch.

Last Friday the company unveiled a plan which would allow foreigners to hold NTT shares, abolish the requirement that the government hold one-third of the company's equity, permit scrip issues and offer shareholders preferential rights when NTT subsidiaries are floated. The market, however, focused on the proposal that NTT buy in some of the government's holding, now 66 per cent, at the Y50,000 par value.

Yesterday Mr Masashi Kojima, NTT's president, told foreign reporters in Tokyo it was unlikely that the Ministry of Finance would agree to this. He did not see any possibility of a compromise. The shares sold by the Ministry so far have all been at or near market prices.

Mr Kojima was more optimistic about progress on the other ideas. "The Liberal Democratic Party, the Ministry of Finance and the Ministry of Posts and Telecommunications are now very serious about the situation and have been discussing it for about two weeks," he said, adding that there could be some developments by mid-November.

It appears that the plan to allow foreigners to own NTT shares is no longer facing much opposition; nor is the idea of the government selling all of its shares. NTT officials claim that the government ownership makes investors nervous about possible policy clashes between NTT management and the government.

Another idea is to split the shares, so that they trade in the Y1,000 to Y,2000 range common to most Japanese shares, instead of around Y1m apiece. Asked about this, Mr Kojima smiled and replied: "It is a secret." He added that even if some measures were passed by the Diet (parliament), "who knows whether even that would make the shares go up?"

ASIA PACIFIC

Larger than expected cut in lending rates boosts Nikkei

Tokyo

A STRONGER yen, firmer bonds and a larger than expected reduction in long-term lending rates boosted buying interest, and the Nikkei average closed above 25,000 on improved turnover, *writes Martina Gannon in Tokyo.*

Buying was led by dealers, eager to return after Wednesday's retreat, and was underpinned by index-linked and cyclical purchases by investment funds. The Nikkei closed at 25,352.63, up 475.75, after reaching 25,485.85 at one stage. The day's low was 24,907.56.

Rises overwhelmed falls by 842 to 14[illegible], with 100 issues unchanged, and volume increased to 750m shares from 500m. The Topix index of all listed stocks advanced 39.15 to 1,880.63. In London the ISE/Nikkei 50 index edged up 1.25 to 1,425.78.

NTT surged by its daily limit of Y100,000 to Y1.1m, gaining for the eighth business day, and trading was temporarily suspended. Buying was prompted by rumours that the Finance Ministry had approved the company's planned flotation of gratis issues.

Isuzu Motors also rose by its maximum daily amount, closing Y100 up at Y780 after announcing that it had jointly developed, with Sumitomo Metal Industries, the world's smallest and lightest car brake support device. The device, called a retarder, will be fitted to all Isuzu lorries from next year. Sumitomo Metal, the day's third most active issue, rose Y21 to Y514.

Sansui, the consumer electronics subsidiary of Polly Peck, plunged by its day's limit of Y100 to Y475 following news of the collapse of the parent company. Polly Peck owns about 75 per cent of Sansui's shares.

Financials, the weakest sector on Wednesday, rebounded on the announcement that Japan's six long-term credit banks would cut their prime lending rates by 0.6 of a percentage point to 8.3 per cent on November 1. Industrial Bank of Japan added Y160 at Y3,000.

Keisei Electric Railway retreated Y30 to Y1,700. It had risen recently on the planned first-section listing of its subsidiary Oriental Land, which operates Tokyo Disneyland.

Bargain hunters won the day in Osaka. The OSE index rose 490.91 to 29,147.49 on volume of 83.6m shares, almost double Wednesday's 46m. Issues expected to be in the Kitahama Fund, a basket of Osaka stocks being prepared by a local investment management company, were in demand.

Roundup

A MIXED performance in the Pacific Rim reflected a greater concentration on national issues. Taiwan was closed.

NEW ZEALAND dropped 3.2 per cent before tomorrow's general election. The Barclays index lost 45.01 to 1,377.72 and turnover was thin at NZ$9.8m.

MANILA surged in spite of the continuation of a national strike. The composite index gained 39.98, or 6.97 per cent, to 613.14 on turnover of 100.4bn pesos, up from 58.8bn.

AUSTRALIA's All-Ordinaries index eased 1.4 to 1,375.30. Turnover was boosted by options expiries on several stocks to A$165m from A$139m.

HONG KONG ended firmer. The Hang Seng index rose 8.80 to 3,050.88 amid turnover of HK$1.03bn (HK$1.04bn).

SINGAPORE's Straits Times Industrial index shed 1.41 to 1,209.54 on turnover of S$105.42m. KUALA LUMPUR's composite index lost 0.44 to 512.98 on 44.1m shares.

EUROPE

Results give Amsterdam a digestive problem

BOURSES were treated to some of the more painful aspects of corporate life yesterday, particularly in the Netherlands, *writes Our Markets Staff.*

AMSTERDAM saw Philips announce big losses and pass the 1990 dividend and Daf, the Anglo-Dutch truck manufacturer, flag losses ahead. Philips was the day's most active stock and accounted for Fl 50.3m of the total turnover of FL 459.5m. The CBS Tendency index closed 0.1 better at 98.3.

Philips, which was suspended for the first two hours of trading, fell to a low of Fl 19.90 before closing 60 cents down at Fl 20.20 as the market digested a third quarter loss and news of up to 45,000 job cuts by the end of 1991. Traders expected Philips to remain under pressure as certain domestic mutual and pension funds sold their stakes to comply with investment criteria which prohibits investment in non-yielding stocks.

Mr Simon Street of BZW said that the extent of the additional rationalisation and redundancy costs came as a surprise, although the dividend omission had been expected. "The question is when all these measures will start to have a material, beneficial affect on the group's earnings," said Mr Street.

Daf lost Fl 1.50 to Fl 20.50 after it revised its August prediction of a small profit in 1990 to a "major" loss.

PARIS closed lower as the feared profit-taking gained momentum. The CAC 40 index fell 21.25 to 1,645.99 in volume of about FFr1.3bn.

Rhône Poulenc, the chemical company, made a rare appearance in the top 20 active stocks after news that New Zealand had become the first country to approve its immunoprotective agent for the treatment of HIV-infected patients.

Wellcome of the UK fell on fears the agent would compete with its own anti-AIDS drug Retrovir. Rhône Poulenc investment certificates rose FFr10 to FFr262.50 with 73,034 traded.

CMB remained under pressure on reports that the company had told visiting analysts that it had paid too much for Metal Box of the UK, which which it merged last year. The stock fell FFr5.10 to FFr106.90 with 197,600 shares traded.

Matra fell FFr9.50 to FFr230 after a bland first half report and predictions of little change in its full-year net from the 1989 level. Investors are also concerned about its defence exposure.

FRANKFURT had a disappointing day. While the DAX index eased up to close 3.76 higher at 1,497.58 after an 8.34 fall to 645.52 in the FAZ at mid-session, volume fell from DM7.3bn to DM4.7bn and there was a distinct lack of individual share price features.

The most substantial rises were in Nixdorf, up DM9 to DM299 with no obvious explanation, and in Preussag, the engineering, steel, trade and transport group which soared earlier this year on the eastern European implications of its Saltsgitter steel industry acquisition, and subsided more recently.

The professional reaction was that the stock had been oversold, and that somebody must have tried to buy 10,000 shares; Preussag closed DM11.70 higher at DM309.50.

Chemicals were lower, on further consideration of the industry's cyclical downtrend, Hoechst leading with a fall of DM2.90 to DM196.

MILAN closed steady after a quiet session as recent activity died away. The Comit index eased 0.38 to 582.54.

The market was waiting for news on the fate of Enimont, the joint venture between Montedison and the state-owned Ente Nazionale Idrocarburi. Montedison had scheduled a news conference late in the afternoon. Enimont rose L10 to L1,250 while Montedison slipped L26 to L1,330.

Dealers said the telecommunications sector remained under pressure as foreign investors continued to liquidate their holdings, but defensive stocks such as Sme, the food company, and Italgas, the gas utility which has performed poorly this year, were holding up well.

BRUSSELS lost some of its early gains at the close on Wall Street's decline. The cash market index rose 38.41 to 5,317.26, in heavy volume of BFr666m.

Petrofina, the oil company, rose BFr50 to BFr10,775 in active turnover of 10,120 shares before its presentation to US investors on Friday.

Glaverbel, the glass manufacturer, eased BFr90 to BFr3,250 with a hefty 16,700 shares exchanged on speculation that it would raise its capital soon to finance the purchase of a stake in the US glassmaker AFG Industries.

ZURICH declined in thin trade, the Crédit Suisse index losing 4.7 to 503.7. However, Sulzer certificates actually rose SFr13 to SFr500 after the engineering group said that it was laying off 300 workers in a textile machinery division in the face of a worldwide collapse in loom orders.

OSLO saw higher third quarter earnings from Norsk Hydro, which is always associated with its oil and gas holdings, and losses from Elkem, the highly cyclical producer of alloys for the steel industry. However, it barely reacted during market hours, the all-share index inching up 0.29 to 524.79 in thin trading worth NKr167.8m. Dealers said that a fault in the bourse computer's information services discouraged trading.

STOCKHOLM waited for the government's austerity package, due today. In the interim, volume rose from SKr155m to a "modest" SKr224m, and the Affärsvärlden general index by 4.5 to 947.0.

SOUTH AFRICA

MORE institutional demand for a limited supply of quality shares kept Johannesburg on the boil. Gold shares had an added boost from firmer bullion prices. The all-gold index surged 69 to 1,438 and the all-share index rose 44 to 2,704.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY OCTOBER 25 1990								WEDNESDAY OCTOBER 24 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (77)	128.30	+0.7	97.37	103.16	100.96	108.53	+0.0	7.10	127.37	96.44	103.05	99.79	108.60	158.31	123.49	140.06
Austria (19)	214.89	+0.6	163.09	172.78	169.09	168.47	+0.5	1.62	213.87	161.94	173.05	167.57	167.56	285.63	178.57	160.25
Belgium (61)	141.45	+0.6	107.35	113.72	111.30	108.48	+0.6	5.34	140.57	106.44	113.73	110.13	107.84	160.02	128.67	140.88
Canada (120)	124.68	+0.3	94.61	100.23	98.08	105.39	+0.2	3.78	124.30	94.12	100.57	97.38	106.22	153.61	121.24	147.79
Denmark (33)	263.63	+0.4	200.08	211.98	207.44	206.44	+0.3	1.44	262.69	198.91	212.55	205.81	205.88	277.62	234.05	208.22
Finland (26)	101.20	+1.7	76.80	81.37	79.63	76.15	+1.2	3.60	99.53	75.36	80.54	77.98	75.27	152.29	98.91	124.88
France (122)	140.80	−1.5	106.86	113.21	110.78	111.93	−1.0	3.88	142.92	108.21	115.63	111.96	113.04	168.65	124.98	132.85
Germany (91)	118.63	−1.8	90.03	95.40	93.34	93.34	−1.3	2.43	120.74	91.43	97.71	94.60	94.60	144.63	101.38	97.29
Hong Kong (46)	124.95	+0.3	94.83	100.47	98.32	124.90	+0.3	5.28	124.57	94.32	100.79	97.60	124.49	147.49	112.24	113.76
Ireland (17)	164.99	−0.6	125.22	132.66	129.83	131.05	−0.4	3.99	166.05	125.74	134.36	130.11	131.60	198.57	139.04	160.84
Italy (91)	88.78	−0.6	67.38	71.38	69.86	75.16	−0.1	3.27	89.30	67.62	72.25	69.96	75.25	109.26	80.87	87.12
Japan (454)	141.31	+2.5	107.24	113.62	111.20	113.62	+1.9	0.74	137.81	104.35	111.50	107.96	111.50	197.26	106.58	189.02
Malaysia (35)	213.09	−0.4	161.72	171.33	167.67	221.59	−0.5	2.83	213.92	161.98	173.08	167.60	222.85	250.89	182.98	197.80
Mexico (13)	549.25	+0.7	416.85	441.63	432.19	1751.72	+0.5	0.39	545.59	413.11	441.44	427.46	1743.63	551.41	324.53	317.39
Netherland (41)	136.14	−0.8	103.32	109.46	107.13	106.00	−0.1	5.40	136.93	103.68	110.79	107.28	106.15	149.03	127.56	126.17
New Zealand (16)	51.57	−3.2	39.14	41.46	40.58	44.93	−3.6	7.49	53.26	40.34	43.11	41.75	46.61	75.36	50.73	76.97
Norway (27)	244.91	+1.2	185.87	196.93	192.72	194.88	+1.3	1.59	241.94	183.20	195.76	189.56	192.44	278.79	202.34	171.44
Singapore (25)	168.55	+0.1	127.92	135.52	132.62	132.97	+0.1	3.22	168.30	127.43	136.17	131.86	132.78	209.24	147.24	154.62
South Africa (60)	165.99	+1.8	125.98	133.46	130.61	136.15	+1.8	4.11	163.10	123.50	131.96	127.78	133.78	251.39	161.50	145.97
Spain (42)	153.10	−0.1	116.20	123.11	120.47	109.90	+0.1	5.05	153.31	116.09	124.05	120.12	109.76	182.25	128.54	198.33
Sweden (27)	179.45	+0.5	136.19	144.29	141.21	148.90	+0.7	2.73	178.61	135.24	144.52	139.94	147.88	204.93	158.07	176.59
Switzerland (66)	94.28	−1.7	71.55	75.81	74.20	74.64	−1.0	2.86	95.91	72.62	77.60	75.15	75.39	109.77	85.00	87.53
United Kingdom (300)	163.39	−1.1	124.00	131.36	128.55	124.00	−0.9	5.61	165.25	125.13	133.60	129.46	125.13	176.18	139.87	140.78
USA (533)	124.92	−0.8	94.80	100.44	98.30	124.92	−0.8	3.92	125.89	95.32	101.86	98.64	125.89	148.95	119.06	137.37
Europe (965)	139.23	−1.1	105.67	111.95	109.56	107.73	−0.7	4.34	140.74	106.57	113.88	110.28	108.52	157.65	124.91	124.08
Nordic (113)	190.00	+0.6	144.22	152.80	149.53	147.02	+0.6	2.05	188.94	143.06	152.88	148.03	146.12	223.29	172.36	168.98
Pacific Basin (655)	139.85	+2.4	106.21	112.53	110.12	113.54	+1.8	1.11	136.70	103.50	110.60	107.10	111.58	192.75	107.82	184.58
Euro – Pacific (1620)	140.03	+0.9	106.28	112.59	110.18	111.90	+0.7	2.42	138.71	105.03	112.23	108.67	111.10	174.18	116.03	160.44
North America (653)	124.81	−0.7	94.73	100.37	98.29	123.65	−0.7	3.91	125.71	95.18	101.72	98.51	124.54	148.43	119.25	137.90
Europe Ex. UK (665)	123.87	−1.0	94.01	99.62	97.49	97.95	−0.6	3.43	125.16	94.77	101.29	98.09	98.56	145.62	109.94	112.89
Pacific Ex. Japan (201)	123.24	+0.3	93.53	99.11	96.99	106.65	−0.1	6.01	122.86	93.03	99.42	96.27	106.91	146.72	117.08	131.10
World Ex. US (1813)	140.00	+0.9	106.25	112.58	110.17	112.38	+0.7	2.47	138.70	105.02	112.23	108.67	111.56	173.77	117.12	159.98
World Ex. UK (2046)	130.81	+0.6	99.28	105.19	102.94	115.65	+0.4	2.61	130.07	98.49	105.25	101.92	115.22	162.00	115.37	151.86
World Ex. So. Af. (2286)	133.51	+0.4	101.33	107.36	105.06	116.32	+0.2	2.83	133.01	100.72	107.63	104.22	116.06	161.84	118.04	150.88
World Ex. Japan (1892)	131.08	−0.8	99.48	105.41	103.16	117.73	−0.7	4.17	132.12	100.04	106.91	103.53	118.52	151.59	124.31	132.69
The World Index (2346)	135.70	+0.4	101.47	107.51	105.21	116.46	+0.2	2.94	133.20	100.85	107.77	104.36	116.19	162.05	116.33	150.85

Constituent changes 25/10: Addition: Surveillance (Br.) (Switzerland). Deletion: Dumez (France). Name change: Lyonnaise des Eaux to Lyonnaise des Eaux-Dumez (France).

هـكذا عن الأصل

RECRUITMENT

JOBS: Discrimination complaint leads to dropping of most accurate executive-selection tests

Question of whose safety should come first

EMPLOYING people these days is no task for the unwary. Witness what has happened to London Underground in the aftermath of the fire at its King's Cross station in November 1987, in which 31 people died and many were injured.

Desmond Fennell QC, who led the inquiry into the fire, seemed in no doubt of the main lesson to be learned. After referring to the numerous men and women he had questioned, he concluded his judgment: "If their answers and this Report serve the ends of safety and remind people that above all they must place safety first, the Investigation will have achieved its goal."

London Underground's chiefs evidently agreed with him, because they told the inquiry they were taking steps to ensure passengers' safety. The steps included improving the quality of the company's management, not least by creating new jobs for "centurion managers" who would have charge of up to 100 staff. The holders of such posts, Mr Fennell said, "will be selected more on merit and qualified to a higher standard...."

Large numbers of staff from various ethnic backgrounds applied for the centurion jobs, and the company set about deciding whom to appoint. Four selection methods were used: a structured interview, and a personality-measure and two reasoning tests devised by the Saville and Holdsworth psychological consultancy. One of the tests was of verbal reasoning – the ability to draw accurate conclusions from pieces of written English, and the other of numerical understanding.

After a while the job-performance of about 50 of the new managers was rated by their own bosses. The ratings were compared with the centurions' expected performance as predicted by the selection methods. The two reasoning tests were the most accurate. Although far from perfect, they were proved to be markedly more predictive than either the interview or the personality measure.

But London Underground has dropped the reasoning tests as an executive-selection tool.

It has apparently done so because a rejected candidate complained that they were unfairly discriminatory. There were clear variances in the reasoning scores of applicants from different ethnic backgrounds. Whites as a group did better than Asians who in turn did better than Afro-Caribbeans.

Saville and Holdsworth claims that the variances result from inequalities in education and training. The consultancy points out that the worst performers on the tests were older Afro-Caribbeans who look to have come to Britain as adults in the 1950s and 60s, which would have left them at an educational disadvantage to people who went to school here. The score variances were less marked among the younger members of the different ethnic groups. So, if that claim is right, the inequalities could be removed over time by improvements in education.

Even so, there remains the question of what London Underground and other employers of mixed workforces should do meanwhile. It is understandable that they should want to save themselves internal troubles arising from selection procedures weighted against present-day members of particular groups. But, to the extent that accurate executive-selection enhances the well being of customers, their safety surely ought to come first.

Pay progress

NOW to the table alongside which gives an idea of the typical pay progression in three types of specialist work in Britain – *finance, personnel, and engineering.* In doing so, it also suggests why talented young people seem less and less keen to become engineers.

The figures come from surveys by the Remuneration Economics consultancy. Anyone wanting the full reports, which give much more data than I have room for, can obtain them at a price from Peter Stevens at 51 Portland Rd, Kingston upon Thames, Surrey KT1 2SH; tel 081 549 8726, fax 081-541 5705.

For each kind of work in each of seven ranks, the table gives the standard range of pay indicators both for basic salaries and for all cash rewards including bonuses and such. The lower quartile refers to the person a quarter way up from the foot of a ranking of all in the same work and rank, the median to the one mid-way, and the upper quartile to the one a quarter way down from the top. The finance and personnel surveys were made last month, the engineering study in July. On Mr Stevens's advice I have adjusted for the time difference by increasing the engineers' pay figures by 2.2 per cent.

Michael Dixon

Rank	Specialism	Lower quartile Basic salary £	Lower quartile Total money reward £	Median Basic salary £	Median Total money reward £	Upper quartile Basic salary £	Upper quartile Total money reward £	Average Basic salary £	Average Total money reward £	% who were paid bonus	Bonus as % of receivers' average earnings	% with coy. car	% with free fuel	% with 5-plus weeks holiday
Director	Finance	41,035	45,257	52,000	54,680	70,413	78,500	62,670	69,416	81.5	14.3	94	59	45
	Personnel	41,000	45,000	47,760	58,000	62,391	68,000	52,409	58,455	73.3	13.3	97	65	40
	Engineering	32,830	33,471	40,082	42,924	48,799	52,122	41,474	44,042	46.6	11.1	84	43	27
Head of function	Finance	31,500	33,000	38,220	40,000	46,200	48,376	40,147	42,433	55.0	9.2	92	45	43
	Personnel	28,500	29,500	34,101	36,743	42,000	44,000	35,388	37,451	58.7	9.0	88	39	46
	Engineering	26,480	26,884	30,562	31,336	35,974	37,949	31,712	32,846	45.6	7.3	82	33	39
Head of dept.	Finance	27,300	28,500	32,400	33,131	37,800	39,365	33,416	34,861	52.5	7.5	84	29	40
	Personnel	24,900	25,703	29,659	30,983	34,908	36,905	29,885	31,351	58.5	7.6	86	29	43
	Engineering	24,630	25,039	27,580	28,201	31,232	32,622	28,531	29,169	31.4	6.9	56	17	32
Section manager	Finance	23,520	24,255	28,867	29,500	34,248	35,350	29,430	30,486	61.7	6.6	77	23	35
	Personnel	22,000	22,780	25,000	25,683	28,830	30,842	25,743	26,594	49.7	8.1	74	19	38
	Engineering	21,871	22,177	24,623	24,885	27,717	28,454	25,511	25,823	18.5	6.4	27	6	41
Section leader	Finance	21,250	21,840	25,800	26,537	29,819	30,590	25,759	26,572	52.2	6.7	56	14	34
	Personnel	19,248	20,037	22,150	23,232	25,000	26,150	22,403	23,264	49.1	7.2	42	13	35
	Engineering	18,904	20,027	21,833	22,025	24,502	24,823	22,598	22,874	19.9	6.0	20	8	26
Senior staff	Finance	18,725	19,008	21,500	22,000	24,852	25,649	22,101	22,712	46.4	6.5	25	7	34
	Personnel	16,500	17,056	18,450	18,893	20,424	21,216	18,595	19,188	46.8	8.4	22	6	31
	Engineering	17,085	17,213	18,952	19,120	21,813	22,017	19,891	20,091	17.4	5.6	16	2	32
Staff	Finance	14,399	14,710	17,109	17,545	20,000	20,280	17,480	17,854	35.7	5.4			
	Personnel	13,657	14,000	15,284	15,918	17,200	17,650	15,597	16,043	42.8	6.1	18	3	23
	Engineering	14,399	14,482	16,057	16,188	19,009	19,326	17,121	17,249	16.5	4.6	20	2	35

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The Lord Chancellor's Advisory Committee on Legal Education and Conduct

The Lord Chancellor's Advisory Committee on Legal Education and Conduct will be a major force for change in the future of the legal profession in England and Wales. The Committee's advice will cover all aspects of the training needed to provide legal services, and how they should be regulated. In particular, the Advisory Committee has a central role in the new arrangements proposed for deciding who should be allowed rights of audience in the courts, or the right to conduct litigation and who should be allowed to prepare applications for the grant of probate. The Committee will help shape applications to grant those rights from professional and other bodies, and offer advice to the Lord Chancellor and the four senior judges.

The Chairman will be the Rt Hon Lord Griffiths MC, who is a Law Lord. The 16 other members will comprise 7 members of the legal profession, and 9 people who are not lawyers. This is to ensure that the Committee primarily represents the views and interests of the users of legal services, but also contains wide representation from those with practical experience of providing such services.

Applications are now invited for membership of the Committee from anyone who is not a judge, a practising barrister or solicitor, or a teacher of law. In appointing these members, the Lord Chancellor must bear in mind the desirability of appointing people with experience in, or knowledge of, the provision of legal services, civil or criminal proceedings and the working of the courts, the maintenance of professional standards amongst barristers or solicitors, social conditions, consumer affairs, commercial affairs or the maintenance of professional standards in professions other than the legal profession.

Members will be expected to have a demonstrable record of achievement in their own walk of life. They will need a high level of analytical ability in dealing with complex issues, and must be robust enough to form their own clear and authoritative views on the ways in which legal services should be provided, and express them in a way which will earn the co-operation and respect of the other members of Committee and of the senior judges and lawyers with whom they will be dealing.

The Committee will be based in Central London. Appointments will be for between 3 and 5 years. A suitable fee will be paid for each day worked, plus travelling expenses. Service involves a commitment to work two or three days a month (in the early years.) The Committee is expected to start work by April 1991. For further information about this appointment or an application form please telephone Alistair Shaw on 071-210 8734, or Edward Adams on 071-210 8729.

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The Bill makes proposals for authorising a new class of conveyancer for domestic property. Authorised conveyancing practitioners can be either individuals or bodies corporate, including the financial institutions. The Authorised Conveyancing Practitioners Board will have the responsibility of deciding who should be allowed to become an authorised practitioner, and of supervising and disciplining their activities. In particular, the Board will be responsible for enforcing regulations made by the Lord Chancellor to govern the competence and conduct of authorised practitioners.

The Board will make its own rules on how it should run, and deal with applications and with discipline. It must also establish and supervise a Conveyancing Ombudsman scheme and may set up a compensation scheme for the clients of authorised practitioners. All these arrangements will be subject to the Lord Chancellor's approval.

The Board will consist of a Chairman and between 4 and 8 other members. In making appointments, the Lord Chancellor must bear in mind the desirability of appointing people with experience in, or knowledge of, the provision of conveyancing services, the financial arrangements associated with conveyancing, consumer affairs, or commercial affairs.

Applications are invited for appointment as Chairman, or as a member of the Board. Applicants will need to demonstrate that they have a record of achievement which will command the respect of those individuals and bodies who may wish to become authorised practitioners, and of their clients and those who represent them. They will need the maturity of judgment to deal effectively both with applications, and with allegations that the rules or regulations have been breached. They will also need the intellectual ability to deal with conveyancing issues, and also with the complex issues of related financial regulation.

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Forms for both bodies can be obtained by writing to R 418, Lord Chancellor's Department, Trevelyan House, Great Peter Street, London SW1P 2BY.

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ACCOUNTANCY COLUMN

Heading for the dawn of the Euro accountant

David Waller looks at EC moves to establish internationally recognised accountancy qualifications

ON January 4 next year, a Pandora's box is set to spring open, with incalculable consequences for the accountancy profession in Britain and continental Europe.

On that day, the European Commission's directive on mutual recognition of professional qualifications has to be incorporated in the national law of EC member states.

The principle behind the directive – which applies to many professions other than accountancy – is that people who have earned a professional qualification in one member state must be able to become a full member of the equivalent profession in another member state, with the right to use the relevant professional titles and letters after their name, without having to requalify.

Thus, in the context of the accountancy profession, members of the Italian Consiglio Nazionale dei Ragioneri e Periti Commerciali, or the Institut Français des Experts Comptables, not to mention the German Institut der Wirtschaftsprufer, will be able to become chartered accountants as an absolute right.

Similarly, members of the Institute of Chartered Accountants in England & Wales (ICAEW), the Institute of Chartered Accountants of Scotland and the Chartered Association of Certified Accountants, will be able to decamp to France, Germany or Italy to set up shop as *experts comptables*, *Wirtschaftsprufers* or *dottori commercialisti* and *ragionieri* respectively.

Insofar as one country's qualification falls short of another's, so-called "migrant accountants" will have to make good that deficiency either by taking aptitude tests or undergoing a period of supervised work experience.

> **People who have earned a professional qualification in one member state must be able to become a full member of that profession in another state,**

All the EC's accountancy bodies have decided that accountants making the switch will have to take, at the very least, an exam in local law.

The background to this radical development dates back to the 1957 Treaty of Rome itself, the purpose of which was to free the markets for goods *and services*. Early attempts to harmonise the professions by introducing legislation for each discipline foundered in a bureaucratic mire. The Architects' Directive, for example, took 17 years to finalise: a directive dealing with engineers *has* been on the drawing-board since 1969.

By 1985, the commission had had enough of the "sectoral" approach and in December of 1988, the Council of Ministers approved the mutual recognitions directive. The EC had abandoned any idea of harmonising the professions. Thus, in the words of the UK's Department of Trade and Industry, "avoiding the complexities of trying to agree a common curriculum for all EC professionals in a given field".

The mutual recognition approach is nevertheless fraught with complexities, as Mr John Williams, director of international affairs at the ICAEW has found in the past few months. His job has been to negotiate the bilateral agreements with equivalent professional bodies on the continent that define the areas in which qualifications are "deficient", and consequently which exams must be taken to bring the migrant accountant's training up to scratch.

The directive applies only to regulated professions – those "whose practice is in some way regulated directly by the state", for example, auditing or insolvency work. However, there are special rules for the UK because most professions here are not regulated by the state but by chartered bodies.

For the purposes of the legislation the chartered bodies are deemed to be "regulated", a nuance which gives rise to a significant inconsistency. It is not clear that "mutual recognition" will allow UK chartered accountants to do on the continent all the work they do in the UK, for example insolvency and general consultancy. It may, however, allow people with lesser qualifications on the continent to muscle into chartered accountants' markets in the UK.

Thus, in France and Italy, insolvency work can only be done by the legal profession, not by accountants. A French or Italian accountant will be able to become a chartered accountant and do insolvency work in the UK, but UK accountants will not be able to do insolvency work in France and Italy in return.

The directive is drafted in general terms so as to accommodate numerous professions, from librarianship to metallurgy, and as a result is vague on this and other crucial issues. Another difficulty is that the mutual recognitions approach enshrines many restrictive practices which inhibit competition, contrary to the spirit of the Treaty of Rome and certainly contrary to the interests of the big firms. Advertising, for example, is not allowed in several member states, and will remain prohibited under the new regime.

Uncertainties apart, one early consequence of the directive is likely to be "training arbitrage". The bright young German students are unlikely not to notice that the path to becoming chartered accountants is less arduous than that leading to the Wirtschaftspru

> **By 1985 the EC had abandoned any idea of harmonising the professions, 'avoiding the complexities of trying to agree a common curriculum'**

fer qualification.

To become a chartered accountant in the UK one must have a first degree and then spend three years under training contract, whereas in Germany the post-degree qualification is five years. Here, the degree can be in any subject, from anthropology to the history of art, whereas in Germany it should normally be economics.

From January, Germans will be able to become chartered accountants and then switch to being fully-fledged Wirtschaftsprufers. Tests will still have to be undergone, but they will not be as severe as the normal path into the Institut der Wirtschaftsprufers (IDW). Moreover, UK firms will be able to train chartered accountants on German soil.

(No "round-tripping" will be allowed : though it may be possible for a UK certified accountant to become a *Wirtschaftsprufer*, the status of *Wirtschaftsprufer* will not enable the certified accountant to become a chartered accountant.)

From the UK perspective, the directive may seem a big threat to the integrity of the chartered accountancy brand, allowing in hordes of continental accountants with entirely different training backgrounds.

However, continental accountants are likely to see the Directive in a rather different light: in Germany for example, no doubt *Wirtschaftsprufers* will be horrified by the prospect of a proliferation of under-trained Anglo-Saxon accountants tarnishing their rigorous standards.

In time, there will be a struggle between the EC's myriad professional bodies to establish *the* pre-eminent qualification for Europe as a whole.

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Our client, a rapidly expanding international broking house, and part of a large Financial Service Group, seeks to appoint a corporate finance executive. The ideal candidate will have 5 years experience in corporate finance with a merchant bank or a firm of stockbrokers.

You will be involved in client liaison on a Corporate basis including marketing and planning new issues equity and debt-related instruments of Corporates; structuring and financing of mergers, acquisitions and development projects.

SWAPS ACCOUNTANT

City **C£45K + Benefits**

In view of continued expansion and increasing complexity of their derivatives trading, our client, a leading Financial Services Institution, requires a senior swaps/derivatives accountant.

The successful candidate will be a graduate with experience of risk management and interaction with front office. Excellent communication and analytical skills and the ability to work effectively in a trading environment are essential for success.

For a confidential discussion on the above, please contact Mark Jones on 071-867 8899.

Finance Director

East London — to £55,000 package

Our client, a medium-sized subsidiary of a large international industrial group, is a well established and profitable manufacturing company with a history of steady growth. Further expansion plans have created the need for an experienced financial director who can help to take the company through the next stage of its development.

The Finance Director will assume overall responsibility for the accounting, computer and company secretarial functions, including management and statutory reporting. The appointee will also be responsible for budgeting and forecasting and will be expected to assist departmental managers to develop, monitor and control their budgets. The development and implementation of costing systems will be an important initial aspect of the role.

Candidates for this position will be qualified accountants who have gained financial management experience in a manufacturing environment. Superior management and communication skills, a hands-on approach and the ability to contribute to the management of the company at Board level are essential. Experience of developing systems and procedures, in particular such as budgets and costing will be necessary.

Please send career and personal details, quoting reference FB280, to Frances A Bell, Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

SEARCH AND SELECTION

Ernst & Young

CFO EUROPE

London Based
Fluent French

Age 32 - 40

c£55,000, + car
Bonus+ Benefits

Successfully coupling an impressive growth pattern with commitment to premium and innovative brand image, this international FMCG organisation is rapidly establishing its European presence.

Head-quartered in the US, the company has an outstanding reputation in its domestic market and is mirroring such achievement globally. The challenges of managing European growth in terms of manufacturing, distribution and retail, now present a superb opportunity for a first rate finance professional, whose key responsibilities will relate to:

- Provision of commercial advice to the GM
- Negotiation and start up of plant
- Creation of a multifaceted distribution system and control of a retail network
- Building of a high quality finance and MIS team.

We are looking for a strong leader, fluent in French and English, who has built commercial awareness within an international organisation. Appropriate qualifications (ACA/MBA), integrity, excellent communication skills and ambition are essential.

A history of achievement and adaptability, an appetite for tackling business issues, and relevant sector/functional experience are of prime importance.

The successful candidate will be rewarded with a stimulating environment, and outstanding prospects and salary package.

If your career and personality have equipped you to succeed in this role, please call Bianca Coulter on 071-437 0464 (fax: 071-437 0597), or write to her, enclosing a detailed CV, at the address below

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 071-437 0464

ASST. HEAD OF MANAGEMENT ACCOUNTS

C. LONDON **£25 - 32k - p.a. + Benefits**

My client a large service Company need to recruit a young, energetic Accountant for the changing environment of today's fast moving world of communications.

Responsible to the Head of Management Accounting you will oversee the full range of departmental affairs particularly the co-ordination and preparation of Capital and operating budgets for all sectors. You will also monitor and interpret progress.

The ideal applicant will be a fully qualified Accountant of 25-28 yrs having gained at least 2 years post qualification experience in commerce or industry. Further more you should have good computer systems experience, Staff Management skills and the ability to communicate effectively at all levels.

Please reply in the 1st instant to: Fox Valentine Ltd, 25 Bedford Row, London ,WC1R 4HE . Tel No: 071-242-1916

Quoting Ref:R087.

FOX VALENTINE LTD
Recruitment Consultants

FINANCIAL CONTROLLER

M3 Corridor — c £26,000 + 25% Bonus + Car

Established as being a market leader in the provision of "state of the art" computer peripherals, this Japanese subsidiary has an immediate requirement for an ambitious Financial Controller.

Reporting directly to the Managing Director, the Financial Controller will be responsible for the entire finance function including timely and accurate reporting to Japan, detailed analysis and forecasting.

It is anticipated that the company will experience considerable growth throughout the UK and Europe. The finance function is therefore expected to play an important part in the expansion programme.

The successful candidate will be a qualified accountant who can demonstrate the necessary commercial flair to succeed in this dynamic environment.

In addition to the basic salary, there will be a substantial bonus, company car, non contributory pension scheme and private healthcare.

Interested candidates should contact Stuart Blake on (0753) 831515 fax: (0753 831 171) or write enclosing a detailed CV, to the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
4A High Street, Windsor SL4 1LD
Telephone: (0753) 831515

Financial Analyst

We are part of a worldwide manufacturer of advanced technology products with annual sales of $ 4 billion.
Our division with sales of $ 160 M is the largest European manufacturer of controls for major appliances.

We are looking for a Financial Analyst to assist our General Manager.

Responsibilities will include financial planning, management accounting and reporting to parent company.

We seek candidates who are qualified to degree level in business administration, economics or accountancy with at least 5 years experience in a multinational manufacturing company.

To be effective in this position you will need sound communication and presentation skills, the ability to utilize computer support systems and preferably the knowledge of foreign languages (French, German, Italian).

This is a first class opportunity to take front line responsibility in a company whose growth plans will satisfy your need for challenge and provide good career opportunities.

This job is based in Germany near Strasbourg (France) and involves occasional travels in Germany, France and Italy.

Please send your resume and salary history to : Human Resources Mgr - EATON, Automotive and Appliance Controls Division - Hanselistrasse, 8 - D 7640 KEHL - Germany.

EATON
CONTROLS OF EUROPE

هكذا من الأصل

FINANCE DIRECTOR

...a position of influence in a growth business

North West — **c.£42,000+car**

With an innovative, forward-thinking approach and the highest standards of customer care, our client is a leading UK 'service provider' in a truly dynamic communications sector. Following impressive recent growth, current turnover is £80 million and the company is now looking for a qualified Accountant to take full responsibility for its finance and accounting function.

In this wide-ranging role that reports to the Managing Director, you will make an important policy contribution as well as providing *effective financial direction, strengthening* controls and reporting in all aspects of the business. As the company continues to expand, there is also likely to be considerable involvement in acquisition appraisal and subsequent integration.

Probably aged 35-45, you should have a mature and pragmatic personality, a determination to succeed and a proven ability to motivate a team of people. With significant commercial or industrial experience – ideally but not necessarily in the Financial Services sector – you will be well established as a senior financial manager in a medium to large company.

In return, the salary and benefits package will not pose a problem for the right applicant and will include relocation assistance, where appropriate.

Please write in confidence enclosing a CV and salary details to Jonathan Warnock quoting reference JW/937.

KPMG Peat Marwick Selection & Search
7 Tib Lane, Manchester M2 6DS

PALLAS LEASING GROUP LTD

PALLAS LEASING GROUP LTD
(A Member of the S G Warburg Group)

EUROPEAN CONTROLLER

Pallas provides sales-aid and other specialist forms of financing for manufacturers and major suppliers in the business equipment, computer and industrial plant markets. Pallas is now looking to continental Europe for further growth opportunities and has already established self-accounting operations in Germany, France and Portugal.

Pallas wishes to recruit an accountant to coordinate these activities in the following areas:

- Financial and management reporting
- Budgets and forecasts
- Financial controls
- Special assignments.

The successful candidate is likely to have trained with a large firm and to have had 2-3 years post-qualification experience outside the profession in a commercial environment. A knowledge of leasing and of languages, particularly French, is desirable but not essential. 50% overseas travel is envisaged.

An attractive salary will be offered, together with a company car, mortgage subsidy, profit share, private medical insurance etc.

CVs should be sent to Miss A E Harding at:

Pallas Leasing Group Ltd, Castlemead, Lower Castle Street, Bristol, BS1 3AG

FINANCIAL ANALYST

c.£33,000 + Car + Benefits

C. London

This is a privately owned property company with an outstanding record of innovation and achievement. It is currently adding to its international portfolio with a multi-million pound development programme in the UK. Its management has an outstanding reputation for commercial judgement and the ability to implement complex and ambitious schemes successfully.

An excellent opportunity exists within their Business Appraisal Department for two individuals to make a positive contribution to the company's future. Reporting to the Business Appraisal Manager, responsibilities will include the analysis of business projections and property based deals, along with the production of financial analyses for presentations to potential tenants. The position also embraces a range of project work, which is of a commercial nature. This highly proactive role requires a considerable level of commercial judgement as well as first class technical ability.

Candidates will ideally be aged 26-35, qualified Accountants with 1-5 years PQE. Analytical and possessing sound commercial judgement, you will be able to *communicate clearly* with both financial and non-financial management. Excellent financial modelling experience and exposure to tax issues are pre-requisites, as is the commitment to achieving results of the highest quality.

Please apply directly to Ingrid Flannery at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 071-836 3545 or evenings on 081-995 2960. Alternatively, fax your details on 071-836 4942.

Financial Recruitment Specialists
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Denise Harris 071-873 3199

LAND AUTHORITY FOR WALES

AWDURDOD TIR CYMRU

DEPUTY CHIEF EXECUTIVE/FINANCIAL CONTROLLER

circa £43,000

Applications are invited from Accountants experienced in financial, managerial and property matters for the above post.

The post holder will act for the Chief Executive in his absence and will be responsible to him for advice and executive action for all the financial, administrative and personnel affairs of the Authority. The successful applicant will have a sound experience of finance and accountancy, proven managerial skills and be able to exhibit a mature judgement.

The Deputy Chief Executive's role, which incorporates control over administration and personnel, is combined with one of the professional Chief Officer posts within the Authority, as appropriate. For the purpose of external applicants on this recruitment, it is combined with the Financial Controllers post.

Completed applications to be returned by Monday 12 November 1990.

For further information, please contact Miss J. Locke
LAND AUTHORITY FOR WALES
Custom House Customhouse Street Cardiff CF1 5AP
Telephone: 0222 223444

The Woolwich is the third largest Building Society in the UK with assets of more than £17 billion and a countrywide network of 540 branches. In addition to maintaining a wide range of financial services products, the Woolwich has formed a number of subsidiary companies with activities ranging from housing development and the provision of estate agency to the operation of financial services companies in other countries within the EC.

AUDIT MANAGER

Bexleyheath, Kent — ***Salary Package c.£40,000***

The Internal Audit Department is being restructured to enable it to keep pace with the business developments in this dynamic environment. The Society now wish to appoint an Audit Manager whose brief will be to help enhance and develop the audit strategy and function. Reporting to the Group Head of Audit and managing some thirty five staff, the successful candidate will be responsible for the internal audit of branch, head office and subsidiary operations.

Candidates should be qualified accountants with at least five years' post qualification experience which should include senior internal audit management in a medium to large organisation. They should have excellent communication skills and be able to motivate and lead a professional team.

The position offers excellent benefits including company car, performance related pay, profit bonus scheme, BUPA membership and concessionary mortgage facilities.

Interested applicants should write with a full c.v. to: Martin Plummer, Personnel Manager, Woolwich Building Society, Corporate Headquarters, Watling Street, Bexleyheath, Kent DA6 7RR.

We are an equal opportunities employer

LONDON 1989

WOOLWICH
BUILDING SOCIETY

FINANCE MANAGER

KENT — **c£27,000 + CAR + BENEFITS**

This Company is a recently acquired subsidiary of a multi-national American owned Industrial Group whose management style combines delegated authority with strong financial disciplines.

To allow the Company to benefit from this philosophy the Group wishes to appoint a Finance Manager. Reporting to the Financial Controller, he/she will be responsible, with the assistance of a small supporting team, for major aspects of the management reporting package, including the preparation of monthly, quarterly and annual financial statements.

The immediate project is a thorough and commercial review of the management information system with particular emphasis on manufacturing/costing systems.

This role will therefore be highly visible and requires business awareness as well as "hands-on" technical and managerial skills.

Candidates will be qualified accountants with experience of operating in an industrial environment and who possess the drive to make a significant impact on the profitability of the business. To match your talents the Group offers an attractive package but more importantly success in this role will be rewarded by rapid career advancement within the Group's European sphere of activities.

Interested applicants should reply in confidence, detailing career and salary, to Tony Hodgins ACA, at Wheale Thomas Hodgins PLC, Berwick House, Livery Street, Birmingham B3 2PB.

Financial Controller

Central London - c. £30k + car + options

Dolphin is an outdoor advertising contractor with a national presence and turnover in excess of £10m. Rapid growth over the past two years has propelled Dolphin into the number three position within the UK market and our future plans foresee continued expansion of the business.

Reporting directly to the Managing Director you will be responsible for the entire finance function, ensuring the maintenance of tight financial controls and disciplines, developing further the comprehensive suite of business systems and managing a small finance team. As a key member of the senior management team you will be expected to make a positive contribution towards the operational and strategic development of the business.

Candidates should be qualified accountants with a sound knowledge of computer systems, well developed financial management skills and sound commercial judgement. Previous experience in advertising or a related media business would be an advantage, together with the commitment, energy, enthusiasm and interpersonal skills to thrive in a fast moving environment.

This is an outstanding opportunity in a very challenging position and the benefits package will be tailor-made for the right candidate.

Please send full personal and career details to: Michael Moore, Group Finance Director
Dolphin Media Limited, Dolphin House, 37 Chapel Street, London NW1 5DP

This position is being re-advertised, previous applicants need not apply.

DOLPHIN

ASSISTANT COMPANY SECRETARY

SHEFFIELD — **c £30,000 + CAR**

Strong management and excellent capital resources have meant that this manufacturing Group is experiencing controlled, profitable growth both by astute acquisitions and by organic development.

This expansion has led to the need for a talented professional to join the management team as Assistant Company Secretary. The position will have responsibility for the usual company secretarial matters as well as having a major impact on a broad range of related administrative systems within the Group. In addition there will also be opportunities for involvement with the Group's tax affairs.

The successful recruitment of the Assistant Company Secretary is regarded as vital to the continued growth of the business. Candidates will be either company secretaries or qualified accountants who have relevant experience in managing the requirements of an international and acquisitive Group.

You will need to possess the unusual combination of technical expertise, commercial judgement plus outstanding administrative flair. It would also be an advantage to have had some experience of corporation tax matters.

Interested applicants should reply in confidence, detailing career and salary, to Tony Hodgins ACA, at Wheale Thomas Hodgins PLC, Berwick House, Livery Street, Birmingham B3 2PB.

CENTRAL LONDON

Lautro

to £33,000 + CAR

Financial Controller

Lautro, the Life Assurance and Unit Trust Regulatory Organisation, was established following the 1986 Financial Services Act to regulate the marketing of life assurance and unit trust products. This high profile organisation now has some 650 members which include some of the UK's largest financial services companies. It's income is predominantly derived from annual membership subscriptions.

Reporting to the Chief Policy and Administration Officer, the Financial Controller will have direct responsibility for the finance function. Specific tasks include the provision of all financial and management information; development of structured and sophisticated financial controls, and computer systems; treasury management; and taxation.

Candidates will be Chartered or Certified Accountants with 18 months post qualification experience. Aged 27-32, conversant with Financial and Management Accounting and with practical experience of computers, they should be confident, hands-on and proactive. Strong communication skills and an ability to work effectively in a team environment are natural prerequisites.

Please send full personal and career details, including a daytime telephone number, in confidence, to Mark Spickett, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB. Please quote reference 5417/FT on both envelope and letter.

Coopers & Lybrand Deloitte | Executive Resourcing

STOY HAYWARD

A member of Horwath International

TAX DRIVEN FINANCIAL PLANNING

No. 2 Role

To £65,000 + Car

The last decade has seen the transformation of Stoy Hayward from a predominantly London based practice with a sound reputation in certain specialist areas, into one of the leading firms in the country. With over 1500 staff and 120 partners nationally they successfully combine technical skills with commercial flair and acumen.

One of the most dramatic success stories has been the Personal Financial Planning Group, built from scratch in two years to fee income well in excess of £1.5 million. The team consists of 15 fee earners providing advice on all aspects of pension schemes and investment, products being directly placed through its own brokerage.

The group requires a No. 2 to the partner, deputising fully in his absence and based in London. This is a critical appointment for the firm and responsibilities will include the management and supervision of tax and P.F.P. staff, their recruitment and/or replacement, management of budgets, and billing. Technically the role will have a much greater emphasis on mixed/personal tax experience, rather than P.F.P. in isolation.

Suitable individuals will be aged in their 30's or 40's, with a strong personality, proven management skills and preferably a background in mixed tax within a "top 20" firm of Chartered Accountants. Some exposure to P.F.P., or a strong interest in this area would be useful.

For further information contact:

Mark Brewer on (071) 936 2040

Brewer Morris, Ludgate House, 107 Fleet Street, London EC4A 2AB. Evenings & Weekends: (081) 948 7703.

Brewer Morris

Pure Taxation Recruitment

GROUP MANAGEMENT ACCOUNTANT

A key contribution to successful investment

c.£40K package plus benefits Age 28-38

3i is Britain's biggest venture capital company. We invest in a broad range of companies, helping them to change and grow. With over 4,000 investments worldwide, our investment portfolio was valued at over £2.5 billion at the 31st March 1990. During the last financial year we invested £597 million in 1,026 companies.

We are installing new systems, based on HP9000 computers, which will provide for our accounting and management information needs into the 1990's. The development of a high-profile management accounting service within the group is the basis of the challenge we now offer an ambitious accountant.

You will be responsible for the preparation of group management accounts and budgets, together with a variety of other analyses for management and statutory requirements. Additionally, you will maintain valuations and provisions records for all 3i investments as an integral part of our annual and half-yearly accounting routines. You will manage, motivate and develop a high calibre team and you will liaise extensively with senior management.

The need is for a graduate qualified accountant with at least five years experience of sophisticated management accounting and information systems, ideally gained within the financial sector. You must be fully conversant with Lotus 1-2-3 and have substantial experience of using and developing computer systems. An enthusiastic, "sleeves up" approach, an appetite for challenge and the ability to work under pressure will be essential.

Salary package will be around £40,000 plus comprehensive benefits including relocation assistance where appropriate and excellent prospects of developing your career with a market leader.

Please send your c.v. to: Paula Bates, Personnel Manager, 3i plc, 31 Homer Road, Solihull, West Midlands B91 3QA.
Closing date Friday 9th November.

3i MAKE IT YOUR BUSINESS TO CHANGE

INVESTORS IN INDUSTRY

Bankers Trust is a leader in the field of global merchant banking with a well established reputation for creativity and innovation across a wide range of businesses. One of the largest and most profitable of these is Global Markets, the trading and investment banking division. To strengthen their Financial Control Group they are seeking two

OUTSTANDING YOUNG ACCOUNTANTS

to work in the product groups which provide a full accounting service, with international scope, to the sales and trading areas in London.

Preferred backgrounds include:

- graduates aged between 25-35 years
- accounting qualification or MBA
- strong analytic and numeracy skills
- high intellect and creativity
- good communication and persuasive ability.

Ideally, candidates should have worked with one or more of the following capital markets or trading products, such as equity and interest rate derivatives, foreign exchange, futures, gilts, bonds or commodities. Familiarity with these products may have come through a background in banking financial control, audit, consultancy or corporate treasury.

These positions are ideal for young accountants of exceptional potential, motivated to accept the challenge and career opportunities of one of the world's leading financial institutions.

Remuneration, by individual negotiation, will be a comprehensive package including car and mortgage assistance. Location: City.

Apply in the first instance to David Thompson, Haymarket Consultants, 1 Golden Court, The Green, Richmond, Surrey TW9 1EU with a full c.v. including details of your current remuneration.

Bankers Trust Company

HAYMARKET consultants

A specialist division of Korn/Ferry International

Financial Controller

Rural East Midlands to £33,000 + Car + Relocation

Our client is looking for more than your expertise and ability to head a financial function. This is a company where enterprise is foremost and business initiative is expected of all senior managers.

Housed in purpose-built premises in an attractive part of the East Midlands, the company plans a rapid expansion which will bring it to the forefront of its industry. It aims to achieve this through hi-tech innovation and the development of new applications for the product range. You would play an important part in this exciting period of change.

Your responsibilities will include:

- Financial management of the company.
- Development and control of MIS systems.
- Strategic planning.

Moreover, you will also be an integral member of the decision-making team.

So in addition to at least 3 years' post-qualification experience, preferably in a fast-moving environment, you must have the drive and flexibility to make a major contribution to the business.

In return, our client offers a salary that will fully reflect your experience, plus an executive car, pension scheme and relocation package.

Interested applicants should send a comprehensive CV to Richard Andrews at Michael Page Finance, Imperial Building, Victoria Street, Nottingham NG1 2EX.

Michael Page Finance

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

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EUROPEAN FINANCE MANAGER

To £30,000 + Bonus + FE Car

Berks

With a major presence across the globe, our Client is a world leader in fast moving consumer goods. As a result of internal promotion a challenging position has arisen for an ambitious qualified Accountant to manage the company's European planning, reporting and analysis function.

This is an attractive opportunity for the successful candidate to make a real contribution to the development of the company during a period of exciting and rapid change for the business in Europe. Responsibilities will include developing and reviewing financial plans, forecasts and budgets for the company's European activities. Encompassing some international travel, you will also be involved in financial systems development and ensuring that all financial reporting and planning procedures focus clearly on business needs.

Suitable candidates should possess European or International finance experience, and familiarity with US GAAP will be advantageous. An ability to communicate effectively and diplomatically with both financial and non-financial staff across Europe will be essential, though languages are not a prerequisite. Above all you will be computer literate and able to work as part of a highly motivated team.

Please apply directly to Marc Eschanzier at Robert Half, Freepost, Princess Beatrice House, Victoria Street, Windsor, Berks SL4 1YY. Telephone: 0753 857777, or evenings on 071-350 1738. Alternatively, fax your details on 0753-841676.

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ROBERT HALF WINDSOR

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a move towards treasury

GROUP FINANCE MANAGER

Hampton Court

c£30,000 + car + bonus

Financed by substantial US venture capital, our client, through a series of strategically planned acquisitions, has become a key player in the international pharmaceutical services industry. Revenues in 1990 will exceed $100 million.

The international headquarters has a small highly professional Corporate Finance Department. In order to strengthen it further, a Chartered Accountant aged up to 30, with commercial and preferably some treasury experience, is offered an important role. Reporting to the Group Chief Accountant, specific responsibilities will embrace the international treasury function, monitoring and improving operating companies' cash flows, and group tax planning. Ad hoc tasks will cover reporting, planning and acquisitions.

This is an exciting time to join such a group where initiative, hard work and bright ideas are well remunerated. There will be opportunities for some overseas travel.

Please write, enclosing a full career/salary history and daytime telephone number, to John Sleigh FCCA quoting reference J/951/F.

ROBERT HALF Financial Recruitment Specialists

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

INVITE YOU TO A BUSINESS BREAKFAST

TREASURY IN THE 1990's

Risk taking or Risk Management?

AT THE SAVOY HOTEL, STRAND, LONDON WC2
ON WEDNESDAY 7TH NOVEMBER
8.30am - 9.30am

The talk will be given by Gerald Leahy, Director General of the Association of Corporate Treasurers and John Grout, Director of Treasury at Cadbury Schweppes plc and will cover:

- Treasury in its financial and organisational context.
- Key elements of the job.
- Managing the balance sheet in the 1990's.
- Treasury as a profession.

Gerald Leahy is Director General of the Association of Corporate Treasurers. Most of his business career was spent with Unilever - latterly as Treasurer of Unilever plc. He also spent some years in private and merchant banking before becoming the Association's first Director General. He is a founder member of the Association and a past President.

John Grout is Director of Treasury at Cadbury Schweppes plc, where he has responsibility for the Group's Corporate Finance, Tax and Treasury Departments. He was Group Treasurer of BICC plc until the end of 1986, having previously spent 12 years with BL plc. He is Vice-Chairman of Council of the Association of Corporate Treasurers.

(Places at the breakfast are strictly limited.)

If you wish to attend, please contact Greg Ripley at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 071-836 3545.

LONDON c. £70,000 WITH BONUS + CAR

Executive Director, Finance

AEA Technology is the trading identity of the UK Atomic Energy Authority. It is a major force in the nuclear energy field, but is also diversifying into targeted markets for research and development services in other fields. This involves a fundamental programme of culture change and rationalisation. The strategy is geared to increasing profitability and acquiring a wider customer base in the UK and overseas.

As a member of the top team you will be closely involved in determining new strategies and working with other directors to implement them. Of key importance will be overseeing the development of accounting and management information systems needed to support this change of direction.

A qualified accountant, you will be already at board level in industry, possibly with a technological flavour. You will have experience of major financial systems design and implementation, and ideally of working within a multi-sites environment involving a number of business units.

The AEA operates bonus schemes, and also provides customary executive benefits and an index linked pension.

Please send full personal and career details, including current remuneration level, in confidence to Edward Simpson, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference ES752 on both envelope and letter.

Coopers & Lybrand Deloitte Executive Resourcing

DIRECTOR OF FINANCE

Design Practice to £35,000

This successful international design practice based in Bristol has an extensive client base. Services carried out include Architecture, Engineering, Surveying and Interior Design. Following substantial growth and the creation of five offices in the South and West, a Director of Finance is required to join their energetic team.

With responsibility for the development and implementation of financial strategies, the key priority will be to enhance financial management, including working capital, financial controls and information systems. Working closely with the Board, the Director will be actively involved in the development of the business and assessment of further opportunities. The requirement is for a qualified Accountant with approximately ten years' experience which should have included working in a partnership or a similar project based service company.

A professional approach and strong communication skills are needed, coupled with a good understanding of accounting and management information needs of a developing service company.

Replies, in confidence, to Sarah Gilbert quoting reference FT/101.

KPMG Peat Marwick Selection & Search
Richmond Park House, 15 Pembroke Road, Bristol BS8 3BG.

YOUNG TAXATION SPECIALISTS

London 1990 – Reading Autumn 1991 To £35,000 + Car

With a pre tax profit in excess of £1 billion, our client has an enviable profile in its sphere of operations. Rapid growth in its diverse businesses and an injection of new dynamic management strategies, has necessitated the expansion of the Group Taxation function.

There now exists within the department a number of vacancies for high calibre individuals to take on challenging tax roles, which will encompass elements of UK and International advisory work.

Ideally, you will be in your mid to late 20's and will have already gained a solid grounding in UK Corporate Taxation as well as having successfully completed your accountancy studies.

A working knowledge of PRT would also be highly advantageous. You will bring with you a drive and enthusiasm which will enable you to continue your career with the group both in the UK and worldwide.

As well as the advertised salary, you will be eligible for the full range of company benefits including, company share scheme and pension scheme. Where necessary, a generous relocation package is available.

To discover more regarding these exceptional opportunities, please contact Graham King on 071-437 0464, (evenings and weekends on 071-226 4557) or write to him, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 071-437 0464

FINANCIAL CONTROLLER

West Africa £40,000 Tax Free + Substantial Expatriate Benefits

With a turnover in excess of £5 billion, our client is one of the world's best known names in FMCG. They now seek to further strengthen their international presence through a clearly defined strategy of expansion.

With specific attention focused on the potential that the West African markets provide, they now seek to appoint a Financial Controller to work alongside the recently appointed expatriate Managing Director.

Liaising closely with the marketing, production and distribution departments the role encompasses all areas of business support, strategy implementation and comprehensive financial management and control. The Financial Controller will also provide a full reporting service to Head Office in the UK.

Probably aged 28-40 the successful candidate will be a qualified Accountant with previous experience of financial control gained in Africa or elsewhere in the Third World. An FMCG background will be useful, while first hand experience of developing external relations and a rigorous approach to management are prerequisite. Fluency in French and English is essential.

To attract the quality of candidate that we are seeking the package will consist of a generous tax free salary, free furnished accommodation, fully expensed car plus the usual senior executive expatriate benefits.

Interested applicants should telephone Simon Hewitt on 071-437 0464, (fax 071-437 0597) or write to him, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 071-437 0464

Financial Controller

Substantial Private Group

Outer S.E. London **£35,000 neg., Car**
New Position

Our Client is a well-established, privately-owned Company with a record of sustained and profitable growth. Its annual sales revenues exceed £50 million from several successful, distinct but market-interrelated contracting, warehousing, importation and distribution businesses, each of which holds a leading position in its field.

In this newly-created role, reporting to the Managing Director, your initial task will be to review and integrate the diverse accounting, information and reporting needs of the Group companies. Specific duties, through control of a team of 40 people, will be management of the central accounting functions, Group data-processing, optimisation of company and project funding & foreign currency positions, financial supervision of group companies and ventures.

A graduate CA, CMA or CCA in your 30's to early 40's, you'll have a strong preference for effective man-management as an integral part of your job function. A credible communictator, motivator and accomplished team builder, you'll regard yourself as having a highly practical, 'can-do' mentality with well-balanced technical skills in the above areas. Your style will have been developed in a manufacturing, distribution or industrial-services environment. In particular, since the role requires both supervision and development of the MIS/DP function, you'll have a high standard of user-driven computer literacy in both mini and micro-based systems, having specified and/or implemented them before.

This new position offers exceptional opportunites for career progress and earnings growth in an open, informal, hard-working environment where personal initiative and contribution are encouraged, recognised and rewarded. In the first instance, you are asked to write, in complete confidence, to myself as Selection Adviser to the Company, quoting reference number 9012.

LICHTIN Associates

Paul Lichtin, Managing Director,
Lichtin Associates Ltd.,
Margaret House, 67, Shooters Hill Road,
Blackheath, London SE3 7HS

COMPANY ACCOUNTANT

From £20,000 + car + bonus. **Biggin Hill, Kent**

A rapidly expanding (zero to £5.5m turnover in 5 years) joint venture between two dynamic specialist food groups needs a young but commercially experienced Management Accountant. You will be responsible for accountancy, treasury and computer systems (reporting to the Group Finance Director) as well as taking on a broader hands-on commercial role, providing full margin analysis/cost control support to the Sales Director.

If you are 25-35, computer literate, with good man-management skills and wish to play a major role in our company, please send full CV to:- Simon Blake, Leathams Larder Plc, 1 Bethwin Road, London SE5 0YJ

FINANCIAL CONTROLLER

W11 **£18,000 to £21,000**

Qualified Accountant with minimum three years commercial experience to run accounts for music and video plc. This "hands on" role requires knowledge of all aspects of commercial accounting procedures and computer skills.

The ability to work under pressure is an asset.

Send C.V. to the Directors:
THE FLYING MUSIC GROUP plc
FM House, 110 Clarendon Road, London W11 2HR.
Tel: 071-221 7799. Fax: 071-221 5016.

Financial Director

West London **c.£40,000 + Benefits**

My client is a highly profitable computer maintenance company (T/O £8.5m) dealing with corporate clients on a contractual basis. They are experiencing excellent new business growth which has created an opportunity for a Finance Director to contribute to the future expansion of this highly entrepreneurial environment.

The position calls for an experienced manager who can prioritise tasks for an existing accounts team and quickly grasp the needs of the board for management information. Once this understanding has been achieved the successful candidate will adopt a "hands-on" approach which will be thorough but always alive to the changing needs of a dynamic environment. Above all this is a role which requires a results driven attitude by delegation where appropriate but in person when necessary.

The company is flexible in its approach to all issues but as a young organisation it is felt that qualified candidates up to age 40 will be most appropriate.

Interested candidates should telephone Richard Wilson for further information or send their c.v. to the address below.

Devereux
FINANCIAL RECRUITMENT
Northumberland House · Drake Avenue · Staines · TW18 2AP
☎0784 466744 · Evenings/Weekends 0753 857807

Manchester **£25,000 + car**

Chief Accountant

Our client is part of one of the country's biggest organisations. A major group of finance companies in its own right, its product range is wide, its performance to date impressive, and its development plans aggressive.

It now needs a Chief Accountant who will control a small department, report to the Financial Controller, and be responsible for the preparation against tight deadlines of the monthly management and financial accounts and the statutory accounts for the five companies concerned, together with necessary consolidations and returns. Preparation and control of accurate and computerised base data will be important.

The person we seek will probably be aged late 20s, and will be computer familiar and a well qualified Chartered Accountant who will relish the fast-changing environment. Appropriate experience will have been gained in both the profession and commerce, but previous experience in the finance industry, whilst helpful, is not vital.

This is a post for an ambitious, tactful, able performer who will readily recognise the career development opportunities the post offers.

Speed is of the essence in this appointment, and letters of application, together with CV, salary progression and any other relevant data, should be sent without delay to the Managing Director, Performance Management Limited, 8th Floor, Peter House, St. Peter's Square, Manchester, M1 5BH, quoting reference P171.

Performance Management Limited
MANAGEMENT CONSULTANTS

MANAGEMENT ACCOUNTANT

£40K package + car + benefits

Our Client, a household name in Financial Services has created this new post to be responsible to the Director of Finance for overall control of internal and external reporting functions.

You will be a qualified Accountant with three years experience within the Life Insurance and Pensions Industry. You will head a group providing a full service including preparation of statutory and year end accounts, budgeting and forecasting and monthly management reports. This is a unique opportunity to initiate and develop procedures and you must have the drive and energy to integrate within a dynamic management team.

A generous remuneration package is on offer, together with excellent career prospects in this rapidly expanding company based in the Home Counties.

Applications, in strictest confidence, should be made to Tony Stevens, Christopher Little Consultants, 49 Queen Victoria Street, London EC4N 4SA. Tel: 071-236 5881.

Christopher Little Consultants
International Recruitment Specialists

Group Financial Controller

Blue Chip Plc

To £50,000 + Bonus — Gloucestershire

Opportunity for a top class accountant to take a senior management position at the heart of a major, technology driven multi-national group.

THE COMPANY
- Well established, high quality British manufacturing Plc, providing innovative systems and products to the aerospace, maritime, defence, electronics and IT industries.
- Strong profitability and balance sheet. Unbroken record of growth to a turnover of £800 million.
- Major businesses in North America and worldwide.

THE POSITION
- Lead small head office team with full responsibility for all management and statutory accounting. Report to Group Finance Director.
- Drive and upgrade the forecasting, monitoring and control process, building on strong existing information systems.
- Develop accounting policies and liaise with external auditors.

QUALIFICATIONS
- Chartered Accountant, aged 33-45, with strong technical skills and financial judgement.
- Extensive financial control experience to divisional, or preferably group level in a respected manufacturing group. International exposure.
- Confident, persuasive personality. Tough but diplomatic approach.

Please write, enclosing full cv, Ref BJ4296
NBS, Bennetts Court, 6 Bennetts Hill, Birmingham, B2 5ST
021-233 4656

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FINANCE MANAGER

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Birmingham — Up To £30,000 + Significant Bonus + Car

With a massive programme of industrial and commercial development well underway, Birmingham is a city with its sights set firmly on the future, a future in which the newly-formed Birmingham Training & Enterprise Council will play an important part.

Birmingham TEC is an independent company whose special focus is to foster economic growth by strengthening the city's skill base and assisting local business to compete and expand effectively.

Essential to its Business Plan, the TEC wishes to appoint an experienced Finance Manager, reporting directly to the Chief Executive, to take responsibility for all aspects of finance, accounting and personnel and to establish sound management, financial, and information systems within the Company.

Applicants should be qualified Accountants with a minimum of 5 years' post qualification experience and should offer the following:-
- demonstrable experience of financial control in a commercial service-orientated environment;
- management responsibility for the financial and administrative support functions of an organisation;
- in-depth knowledge of computerised accounting systems, coupled with personal ability in the use of PC's and spreadsheets

This is an exciting opportunity to play a key role in a unique partnership of public and private sectors and the community and, as such, offers a salary package destined to grow in line with the future development and success of the TEC.

To apply please write, with full career details and salary, quoting reference B/323/90, to Margaret-Anne Stocker.

KPMG Peat Marwick Executive Selection
Peat House, 2 Cornwall Street, Birmingham B3 2DL.

PQE

EAST BERKS — c£36,000 + car
Management Consultant

Technically-stimulating project accounting based role that will appeal to a youngish qualified with sales flair. Working for a top five practice, you will be using your manufacturing experience to implement systems solutions at clients' premises and providing commercial accounting advice on an ongoing basis. Maximise your sphere of influence. Ref: PQE 1510A4

Contact the Manager, 9 Peascod Street, Windsor, SL4 1DN
0753 851447
Opposite Marks & Spencers
Or the PQE Specialist advising on this appointment on 0753 76677

HARROW — £25,000
Financial Controller

A challenging development role is available for a Qualified Accountant. The ability to take financial reins of this division is sought by the group headquarters. Full responsibility will be given for the financial procedures and controls and you will be able to contribute to the management of the company. Ref: 76564

Contact the Manager, 310a Station Road, Harrow, HA1 2DX
081-427 0799
Opposite Nat West
Or the PQE Specialist advising on this appointment on 0923 50350

EAST BERKS — £27,000 + car
Company Accountant

Rapid expansion by a medium-sized consumer goods supplier has created this management position that reports to the Managing Director. The successful candidate will supervise a small team, control the financial accounts, co-ordinate data flow from about fifty locations and be responsible for the computerisation of manual systems. Directorship prospects.
Ref: PQE 1110B1

Contact the Manager, 164 High Street, Slough, Sl1 1JP
0753 76677
By Next
Or the PQE Specialist advising on this appointment on 0753 76677

DERBY — £24,000 + car
Business Unit Accountant

This manufacturing subsidiary of a major plc requires an energetic recruit to join its strong management team. You will be involved in the development of reporting systems, capital investment appraisal and contribute towards development of business strategy. This is a superb opportunity for someone seeking to step into senior management.
Ref: 56646

Contact the Manager,33 Long Row, Nottingham, NG1 2DR
0602 419173
In the old market square

THAMES DITTON — £25,000
Senior Analyst

This large, established organisation seeks a confident individual for a multifaceted role. You will monitor all aspects of group accounting and interpret financial information, making recommendations for change; and take on ad hoc investigations and consulting assignments. Active sports and social club, BUPA and subsidised canteen are among the benefits. Ref: 94975

Contact the Manager, 70 Clarence Street, Kingston, KT1 1NN
081-547 3505
Opposite C & A
Or the PQE Specialist advising on this appointment on 081 770 0500

WOKING — £24,000
Qualified Accountant

One of the world's largest enterprises seeks to recruit a qualified Chartered Accountant to join internal audit team. A technically demanding role which will provide an overview of the company and its strategies, it is envisaged the position will lead into line management in UK or overseas after two years.
Ref: PQE 1010A5

Contact the Manager, 1 Cambridge Walk, Camberley, GU15 3SW
0276 22232
Next to Army & Navy
Or the PQE Specialist advising on this appointment on 0256 460399

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REED... accountancy

FINANCIAL DIRECTOR

LONDON — £55,000 + Car + Benefits

My client, a leading player in reinsurance can boast an impressive record of achievement throughout its sphere of international operations. The U.K. business has singularly become a dominant market force due to an innovative approach to product development and an ongoing commitment to customer service.

In support of their continued growth the company have created the position of Financial Director. As an integral member of the Executive board this appointment will assume overall responsibility for the U.K. financial and commercial affairs.

Pro-active in approach, your principal accountabilities will include the preparation of statutory and financial statements, regulatory reporting and the formation of strategic financial initiatives in line with corporate objectives. In addition you will direct and co-ordinate the group's I.T. strategy and introduce financial controls to provide a comprehensive accounting service.

As a proven man-manager, you will respect the value of individuals to the organisation and how best to maximise their efforts as you strive to achieve pre-determined objectives.

You will have already enjoyed a progressive career path in reinsurance where you will have demonstrated a high degree of academic ability and outstanding commerical awareness. You will now be seeking a demanding career appointment with a truly dynamic business environment where you will be expected to positively influence the Directors of an established organisation.

This appointment will appeal to high calibre professionals who will realise the rewards of assuming a lead role. The salary, bonus and car reflect the importance the company attaches to this strategic position.

Please send your C.V. to Trevor Heathfield, Caswell Abbott, 201 Victoria Street, London. Telephone 071 828 9919.

Caswell Abbott
Executive Search & Selection

HEAD OF INTERNAL AUDIT

City — to £45,000 plus car & banking benefits

Unibank plc, the UK subsidiary of Unibank - Denmark's International Bank, employs over 250 staff and is involved in a wide range of banking activities. Following a career development move within Unibank for the previous incumbent we now have a vacancy for a Head of Internal Audit.

The Head of Internal Audit reports to the Chief Executive and other key contacts include the Chairman, the Internal Audit team in Denmark and our external auditors. The successful candidate and assistant will be responsible for the development and maintenance of systematic audit review plans to cover all Unibank plc's activities. In addition there will also be a requirement to advise on systems and controls necessary to facilitate future business developments.

The ideal candidate will be a qualified accountant with a minimum of five years' experience in a similar role. We are looking for someone with a detailed knowledge of a wide range of banking products, specifically their control, organisation and accounting. Knowledge of MIDAS on IBM AS400 and an appreciation of the systems environment relating to banking procedures and control will also be helpful.

However, in this role we recognise that technical competence is only the starting point. It is essential that the person appointed has the necessary skills to become an integral part of the Bank's senior management team. We are looking for someone with the capability and vision to focus on critical strategic issues as well as having a thorough understanding of details. We expect the right person to show a lot of commitment, enthusiasm and energy.

If you wish to apply please write, enclosing your c.v., to:
Liz Knott
Personnel Manager
Unibank plc
107 Cheapside
London EC2V 6DA

Alternatively if you wish to discuss this position please phone on 071 726 6000.

Unibank plc

Newly/Recently Qualified Accountants

Merchant Banking

City — £25-30,000 + Bank Benefits

As part of a leading financial services group, our client provides corporate banking, treasury, corporate finance and development capital services for a wide spectrum of corporate banking clients in the UK and overseas.

With assets exceeding £10bn and 1,000 employees in the UK, expansion has created an opportunity for an ambitious, achievement orientated accountant to work in the finance function. As part of a small, professional team, liaising with senior management, you will analyse and report on the performance of operating business units especially marketable securities and off balance sheet products.

The remuneration package includes a highly competitive salary, mortgage subsidy and a non-contributory pension scheme.

You will be a newly/recently qualified ACA, ACCA or CIMA with some commercial experience, preferably gained in banking.

Contact STEPHEN BOWIE on 071-404 3155 at Alderwick Peachell & Partners, Accountancy & Financial Recruitment, 125 High Holborn, London WC1V 6QA. (Rec Cons)

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90 Gloucester Place, W1.
071-935 5452 (24 hrs).

BERKSHIRE — to £35,000 + F/E CAR

Financial Controller

For the recently established UK Sales and Marketing organisation of a multi-national corporation, which has become a global provider of high-technology solutions. Enjoying exceptional and profitable growth, the autonomous Electronic Equipment Operations have secured a major market share by the effective combination of technical leadership, product innovation and dedicated management.

As a key member of the management team you will be expected to make an active and positive contribution to decision making across the entire range of business and operational development activities. With total responsibility for the finance functions, the brief includes the ongoing advancement of financial and management information systems, control and planning procedures and management reporting requirements.

A graduate qualified accountant, probably in the age range 30-35, you must be able to demonstrate well developed commercial acumen in addition to sound technical skills. Ideally you should have a background in the high-technology sector with experience of controlling the finance/accounting function in an effective and economic manner. You must be a "hands on" and enthusiastic person with the appropriate interpersonal skills and personality to manage and withstand the rigours of a complex business enjoying dynamic growth and change.

Please send full personal and career details, including current remuneration level and a daytime telephone number, in confidence to Adrian Edgell, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 9 Greyfriars Road, Reading RG1 1JG, quoting reference AE829.

Coopers & Lybrand Deloitte — Executive Resourcing

FINANCIAL DIRECTOR-DESIGNATE
circa £40,000

Our client, a leading menswear retailer with branches throughout the UK, requires an energetic individual who can work closely with the managing director in the development of the business.

The financial director-designate will be expected to be involved in the commercial decision-making process as well as having full responsibility for the accounting and administration function.

Candidates must be qualified, preferably with experience in retailing, and be able to work in a hands-on environment with a very closely-knit team.

Please send details of your career to date and contact telephone numbers to Jonathan Smith, Marylebone Consulting Group Ltd., 233-237 Old Marylebone Road, London NW1 5QT.

FINANCIAL DIRECTORS

To secure the best appointments at senior level needs more than good advice, accurate career objectives and succinct presentation.

InterExec not only provides career advice to successful executives but also retains the unique facility of our subsidiary company InterMex to bridge the critical gap between counselling and the right job.

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If you are considering a move or need a new challenge then telephone (071-930 5041) for an exploratory meeting without obligation.

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Write Box A280, Financial Times, One Southwark Bridge, London SE1 9HL